VOLUME 3

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1965

No. 131

MARGARET L. HOLT, ET AL., PETITIONERS,

vs.

ALLEGHANY CORPORATION, ET AL.

No. 132

MARGARET L. HOLT, ET AL., PETITIONERS,

vs.

ALLAN P. KIRBY, ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONS FOR CERTIORARI FILED MAY 12, 1965
CERTIORARI GRANTED JUNE 1, 1965

SUPREME COURT OF THE UNITED STATES

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[fol. 1559]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 215

The Chairman: I think that is right.

Mr. Bollenbach: Will you so state it for the record?

The Chairman: That is correct.

Mr. Bollenbach: I think I have a good law suit to recover from the Directors for malfeasance, misfeasance and nonfeasance for this man's money.

The Chairman: I would like to proceed to the next order of business, which is the submission to the common stockholders for approval or rejection the acceptance by the corporation of tenders of Series A and Prior Preferred stock from the officers of the Company, Mr. Young, Mr. Kirby and Mr. Anzalone, in exchange for the common stock Class A of Investors Diversified Service, Inc., as described in the proxy statement, and I should like to make a statement about that transaction before the matter is submitted to the stockholders for a vote.

The stockholders will recall that on three separate occasions during the year 1949 Alleghany Corporation issued to its Series A and Prior Preferred stockholders invita-
[fol. 1560] tions for tenders or exchange offers under which the Prior Preferred Series A stockholders had the opportunity of exchanging their holdings of Alleghany stock for portfolio securities. These offers were uniformly successful and resulted in the acquisition by Alleghany of a large number of Alleghany's own outstanding Preferred and Series A Preferred stock, and it is obvious that upon the acquisition by Alleghany of its own preferred and prior preferred stock at less than liquidated value that the corporation and its remaining stockholders all benefit.

Prior to the Directors' meeting which was held in December, I think on the 12th or thereabouts, and at that meeting, consideration was given to the portfolio securities which would be made available to stockholders pursuant

to the invitation for tenders which was then being prepared and then submitted to the Board.

The non-voting Class A stock of Investors Diversified Service was one of the securities included preliminarily in the list which was to be offered to stockholders generally.

Upon consideration and after review by counsel, it was [fol. 1561] realized that it would not be possible to include Investors' non-voting stock in the public offer because of the fact that registration of those shares under the Securities Act of 1933 would be required, and it being a small issue, the cost of registration would have been greatly in excess of the reasonable benefit to the corporation resulting therefrom. The corporation was, however, advised by its counsel—

Mr. Fraser: Were you counsel in this case?

The Chairman: No, White & Case of New York. The corporation was advised that the offer of the shares to a limited number of people would not require registration. After that consideration, the Board of Directors adopted the resolutions which are set forth at length in the proxy statement.

Mr. Fraser: Will you state the approximate value that was paid to the stockholders or given back to them in return for their tenders? What was the value of the stocks they received?

The Chairman: Yes, I will if you will permit me to finish my statement. I think it will cover the

. . . . . .

[fol. 1562] It is deducted and would be taken out at ten years after we cancelled it.

Mr. Schreiber: May I ask a question I have? I notice in the 1948 statement that you have outstanding 667,000 shares of 5½ percent preferred stock. That is in the 1948 report, outstanding shares, 677,539 shares of cumulative 5½ percent stock, and in 1949 you only show in the same statement—I don't see how you can chance the amount of outstanding stock.

The Chairman: 611,000. The difference was cancelled. I explained a moment ago that all of the shares which were taken in pursuant to the exchange offers with the shareholders were cancelled or are to be cancelled, but all of those shares which were purchased for cash have not been cancelled. There is no particular reason for that, except that in the proxy material that was sent to the stockholders under the exchange offers, it was necessary for us to state whether we would cancel or keep in the treasury the shares accepted pursuant to the exchange offer and we, therefore, decided we would say to the stockholders all shares accepted under the

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[fol. 1563] tenders will be cancelled and they have been or are to be cancelled, but as to what we purchased for cash, there was no occasion for making a statement as to whether they would be cancelled or not, kept in the treasury, and consequently have been kept in the treasury for no reason except that the Directors have not acted upon whether they shall be cancelled or just left as treasury shares.

Mr. Bollenbach: Has the management proxy voted on this motion?

The Chairman: I don't know. I am a proxy and one has not been submitted to me but is in the course of preparation.

Mr. Bollenbach: What will management do on this?

The Chairman: The management will vote against the motion and I will state the reason the management is voting against the motion is that as a proxy, I for one would not wish to take such action without it being considered by the Board. I don't mean to indicate that the corporation has a policy against it. It simply has not been considered by the Board.

[fol. 1564] Mr. Fraser: Even though you vote against it, will you call attention to the Board of Directors at the next meeting?

The Secretary: Mr. Chairman, I am ready to report on the vote on the motion.

The Chairman: Please do so.

The Secretary: For, 3,656; against, 3,456,797.

The Chairman: Then the motion has been defeated.

Mr. Bollenbach: That is, Mr. Purcell, under a proxy, and Mr. Anzalone under a proxy as a joint, the two of you, being here, are using your proxies now to vote against this motion.

The Chairman: That is correct.

Mr. Sissler: What is the book value as of the present time?

The Chairman: The book valye at the present time, ninety-six dollars and something.

Mr. Fraser: For the Series A?

The Chairman: Yes.

Mr. Sissler: What date?

[fol. 1565] The Chairman: $96.04 per share as of April 29th.

Mr. Fraser: What price do you have to pay to recall that?

The Chairman: About $200 a share. It is $105 plus accrued dividends.

Mr. Fraser: How much is that?

The Chairman: About $100 in accrued diyidends, a little bit over $100.

Mr. Fraser: April 21st?

The Chairman: April 29th. That is the liquidating value, $96.04.

Mr. Sissler: Why are the Directors so anxious to get the Investors Diversified shares? I don't think it is any good for the Preferred stockholders to approve this.

Mr. Schreiber: Why are the Directors so much interested in getting this Class A common stock? Through the contract, they are directed to purchase Class A common stock and at the same time we are disposing of it and the contract would be to buy it at $10 a share or at your cost [fol. 1566] price. It must be a whale of a stock since the corporation is desirous of entering into this agreement. That would be sort of something to prepare us for the

motion which will subsequently come up. It sort of interweaves with this deal here.

Mr. Bollenbach: Why are these three gentlemen singled out and why isn't that opportunity given Dorothy Hennessey?

The Chairman: It can't legally be given to all stockholders.

Mr. Bollenbach: Then why should we enter into an illegal deal for three officers of this company when it is illegal to give Dorothy Hennessey something.

Mr. Fraser: Why is it illegal to give the stockholders the opportunity?

The Chairman: When one corporation controls another or when any shareholder controls, or a group of shareholders control a corporation, they can not legally sell to the public shares of stock of that corporation without registration with the Securities and Exchange Commission and going through all the formalities and preparation of [fol. 1567] a lengthy and detailed registration statement with audits and things of that character, which is an expensive job.

Mr. Fraser: You mean they can do it with certain people but not with others?

The Chairman: As a limited group of people, and those people must agree to accept the shares for investment purposes and not for redistribution.

Mr. Fraser: They can do it with all Preferred stockholders?

The Chairman: No, sir, that is a public offer.

Mr. Bollenbach: I want to state for this record that I want to avail Dorothy Hennessey of the same privilege that you are being availed of in the option or purchase of these securities. In other words, what is good for the goose is good for the gander. She is the gander and not the goose.

Mr. Dailey (Attorney for Mr. Fraser): You just stated it would be illegal but you didn't mean it would be illegal. You meant you must comply with the Security and Ex- [fol. 1568] change regulations.

The Chairman: Yes.

Mr. Dailey: You just misquoted the word.

The Chairman: That's right.

Mr. Dailey: Without permission.

The Chairman: It isn't permission. It is registration.

Mr. Bollenbach: Let me ask the Chairman this. If it is illegal to issue this stock to all the stockholders of Alleghany, why isn't it illegal to just pick out a segment?

The Chairman: What is illegal is the public offering of the shares.

Mr. Bollenbach: I say it is illegal to issue one share of this stock to anybody, even Alleghany's personnel, even to a few odd individuals, because it is a second distribution.

Mr. Fraser: Without making the same offer to all.

Mr. Dailey: Unless the stockholders approve the sale.

[fol. 1569] Mr. Fraser: It won't be legal by a unanimous vote.

Mr. Bollenbach: He won't get a unanimous vote.

Mr. Goes: It is a unanimous vote?

Mr. Fraser: That is my understanding.

Mr. Bollenbach: He is walking right into a bear trip.

Mr. Fraser: It would require an accounting from the officers unless you get a unanimous vote.

Mr. Goes: You could probably get an injunction and hold it up for accounting and receiving, but as I understand the law, this doesn't need a unanimous vote.

The Chairman: It doesn't.

Mr. Fraser: Sure it does.

Mr. Bollenbach: In other words, he can't take my property without due process of law.

Mr. Goes: There is a difference of opinion.

Mr. Bollenbach: Just like horse racing.

The Chairman: This is a matter which no law requires to be submitted to stockholders at all.

Mr. Fraser: It would still be illegal.

[fol. 1570] The Chairman: There are numerous matters in this corporate procedure which are submitted to stockholders that are not required to be submitted to stockholders,

such as pension plans and things of that character. It has been good corporate practice to submit them.

Mr. Fraser: The Officers and Directors of this corporation are trustees and they can not act for the corporation in their trust capacity for their own personal benefit or advantage without unanimous consent of all the owners and all should have an equal right.

The Chairman: This may be to the disadvantage of the Officers.

Mr. Fraser: But they can't act without unanimous consent. The Officers and Directors can't do it.

The Chairman: You understand, as set forth in the proxy statement, that many of the Officers and Directors of Alleghany Corporation did tender shares and did accept shares. Here, for instance, I tendered 500 shares of Series A Preferred Stock and received 2,295 shares of American Power & Light. Fortunately, American Power has gone up. [fol. 1571] The Series A went down and I made a good trade.

Mr. Fraser: But it is still illegal.

The Chairman: I will be prepared to take my chances if you care to institute legal proceedings in that respect.

Mr. Fraser: If you request us to do it, we will do it.

The Chairman: I won't require you to do a thing.

Mr. Fraser: If you insist on doing something illegal, we have to protect our rights.

The Chairman: I think you are jumping at a legal conclusion, Mr. Fraser. We don't consider that it is illegal.

Mr. Bollenbach: Did you make this same tender to Dorothy Hennessey?

The Chairman: No.

Mr. Bollenbach: In other words, that is cut out of the whole cloth. A couple of Directors could get together in some pool room or bar and figure how they can cuchere [fol. 1572] the stockholders. Is that the deal?

The Chairman: No, of course not.

Mr. Bollenbach: What is it then? Why don't you let me get in on the deal?

Mr. Dailey: Because they don't want to go through SEC.

Mr. Bollenbach: When is it public and when private?

The Chairman: I think there has been a ruling, if I am correct, not more than twenty or fifteen and we must all agree to—

Mr. Bollenbach: I ask to participate on behalf of Dorothy Hennessey and that makes four.

Mr. Sissler: I ask to be included, too.

Mr. Fraser: I would like to be included.

The Chairman: You are getting up to the 15 mark. Do you suggest that we make this stock available to all stockholders or just to Dorothy Hennessey?

Mr. Bollenbach: To all stockholders, so I may be one of the favored few.

Mr. Schreiber: Will you answer the question I asked before? The Investors Diversified, it must be a very at- [fol. 1573] tractive holding since they want to acquire another $125,000 worth of this class A stock. Can you give us some information what the company is and the possibilities and what their holdings are? Is it accountable to the Commission?

The Chairman: No, this is a non-voting Class A common stock. Investors Diversified Service is a company engaged in the business of distributing securities to the public and it has outstanding obligations aggregating over $400,000,000, which will have to be met during the next seven or eight years. It is going to take a very careful job of management and as of December 31, 1949 according to the audits and auditors' certificates, the Investors Diversified Service, carrying reserves for those outstanding public debts according to good accounting practice, this stock would be worth a little less than zero. It has a deficit and it is a stock that may eventually be worthless and it may be worth a lot of money, but there is not going to be any dividend on it for a number of years. That, I can assure you.

Mr. Schreiber: They showed earnings last year of over [fol. 1574] a million dollars.

The Chairman: And every dollar of that had to go to reserves and they still didn't have enough reserves to cover their liabilities.

Mr. Schreiber: What kind of securities do they distribute?

The Chairman: They distribute savings certificates, of which they have outstanding near $400,000,000.

Mr. Schreiber: Interest bearing?

The Chairman: Yes, which must be paid at maturity.

Mr. Terrell: You say the book valye of that stock was less than zero?

The Chairman: As of December 31st.

Mr. Terrell: When was it purchased by Alleghany?

The Chairman: Last year.

Mr. Terrell: It was in the red and the corporation would have the right to buy that stock at the red figure?

* * * * * * *

[fol. 1575] Mr. Bollenbach: Are you using any relatives of Mr. Young?

The Chairman: No.

Mr. Bollenbach: How about the other officers?

The Chairman: No.

Mr. Bollenbach: What brokerage firms do you do business with?

The Chairman: Baer Stern, Temple-Noyes, any firm that presents itself with a suitable business opportunity or we think can handle a transaction for us, we will use. The 10,000 shares of Missouri Pacific common, which was mentioned earlier, was sold through Baer Stern.

Mr. Bollenbach: Who did you buy Investors through?

The Chairman: Baer Stern.

Mr. Bollenbach: You paid them a commission?

The Chairman: Yes.

Mr. Bollenbach: How much money?

The Chairman: $50,000.

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 220

(See opposite) ☞

JOSEPH FROGGATT & CO., INC.
SPECIALISTS IN ALL BRANCHES OF INSURANCE ACCOUNTING
CONSULTING ACTUARIES & AUDITORS
74 TRINITY PLACE
NEW YORK

Board of Directors,
Investors Diversified Services, Inc.,
Minneapolis, Minnesota.

Gentlemen:

In accordance with your instructions, we have made a valuation of the certificates in force of Investors Syndicate as at December 31, 1948.

The same formula was used as explained in detail in our report dated May 1, 1945.

A study of present lapse and surrender data and current "stretch-outs" indicates that the use of the original formula produces reserve calculations on a conservative basis.

[fol. 1576]

Valuation as at December 31, 1948

The valuation of the certificates in force as at December 31, 1948 produced the reserves shown in Schedule "A." The following is a summary of the reserves as at December 31st, 1944, 1945, 1946, 1947 and 1948:

Valuation as at December 31, 1948 - (Cont'd)

Reserve at 4.535% per Schedule "A" - (1948),	$258,675,808.21	
Reserve per Investors Syndicate (1948),.....	254,053,599.47	
Difference at December 31, 1948,.....	$ 4,622,208.74	
Difference at December 31, 1947,.....	5,424,672.91	
Reduction of difference,.....		$ 802,464.17
Reserve at 4.535% per Schedule "A" - (1947),	$243,866,427.02	
Reserve per Investors Syndicate (1947),.....	238,441,754.11	
Difference at December 31, 1947,.....	$ 5,424,672.91	
Difference at December 31, 1946,.....	5,720,607.62	
Reduction of difference,.....		295,934.71
Reserve at 4.535% per Schedule "A" - (1946),	$222,883,443.20	
Reserve per Investors Syndicate (1946),.....	217,162,835.58	
Difference at December 31, 1946,.....	$ 5,720,607.62	
Difference at December 31, 1945,.....	6,214,992.32	
Reduction of difference,.....		494,384.70
Reserve at 4.535% per Schedule "A" - (1945),	$202,372,074.73	
Reserve per Investors Syndicate (1945),.....	196,157,082.41	
Difference at December 31, 1945,.....	$ 6,214,992.32	
Difference at December 31, 1944,.....	7,171,227.68	
Reduction of difference,.....		956,235.36
Reserve at 4.535% per Schedule "A" - (1944),	$183,528,986.21	
Reserve per Investors Syndicate (1944),.....	176,357,758.53	
Difference at December 31, 1944,.....	$ 7,171,227.68	
Difference at December 31, 1943,.....	7,800,176.40	
Reduction of difference,.....		628,948.72
Total,.....		$3,177,967.66

[fol. 1577]

Valuation as at December 31, 1948 - (Cont'd)

Reserve at 3% per Schedule "A" - (1948),	$180,222,563.32	
Reserve per Investors Syndicate (1948),.	154,053,599.47	
Difference at December 31, 1948,.....	$ 26,168,963.85	
Difference at December 31, 1947,.....	29,965,838.43	
Reduction of difference,.....		$ 3,796,874.58
Reserve at 3% per Schedule "A" - (1947),	$168,407,592.54	
Reserve per Investors Syndicate (1947),.	138,441,754.11	
Difference at December 31, 1947,.....	$ 29,965,838.43	
Difference at December 31, 1946,.....	32,663,192.69	
Reduction of difference,.....		2,697,354.26
Reserve at 3% per Schedule "A" - (1946),	$149,826,028.27	
Reserve per Investors Syndicate (1946),.	117,162,835.58	
Difference at December 31, 1946,.....	$ 32,663,192.69	
Difference at December 31, 1945,.....	35,108,186.98	
Reduction of difference,.....		2,444,994.29
Reserve at 3% per Schedule "A" - (1945),	$131,265,269.39	
Reserve per Investors Syndicate (1945),.	96,157,082.41	
Difference at December 31, 1945,.....	$ 35,108,186.98	
Difference at December 31, 1944,.....	37,492,079.58	
Reduction of difference,.....		2,383,892.60
Reserve at 3% per Schedule "A" - (1944),	$113,849,838.11	
Reserve per Investors Syndicate (1944),.	76,357,758.53	
Difference at December 31, 1944,.....	$ 37,492,079.58	
Difference at December 31, 1943,.....	40,463,820.42	
Reduction of difference,.....		2,971,740.84
Total,.....		$14,294,856.57

The Company has prepared and we are submitting herewith the following Schedules of "Net Income of Investors Syndicate (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the Company's portion of subsidiary Companies' earnings (before profit or loss on sale of investments or income taxes)":

[fol. 1578]

Valuation as at December 31, 1948 - (Cont'd)

Schedule "B" - Actual for the five years 1944-1948.

Schedule "C" - Projected for the five years 1949-1953.

Schedule "D" - Comparison of 1943 actual to 1948 projected.

These schedules have been prepared using the same outline of items as was used in the preparation of comparable schedules which were included in our report dated May 3, 1948. We have not audited these figures but we believe that the schedules properly present the results and that the assumptions used in the prognostications are reasonable.

We have determined by extrapolation that an earnings rate of 4.864% would be required on the dollar amount of reserves maintained by the Company at December 31, 1948 to meet its maturities and other contract requirements. It is, therefore, important to know particularly as to the future whether or not the results from the Company's operations will be such as to produce earnings sufficient to meet the requirements. The recast of actual results as per Schedule "B" indicates that for the past five years the rate of earnings has averaged 4.560%. A prognostication has been made for the next five years as per Schedule "C" indicating a possible average earnings rate of 5.845%. Assuming the reasonableness of the prognostications, it is obvious that by comparison of the rates hereinbefore set forth the Investors Syndicate should be able to meet contract requirements over a number of years.

[fol. 1579]

Respectfully submitted,

JOSEPH FROGGATT & CO., INC.,
Public Accountants and Auditors.

By _____
EXECUTIVE VICE PRESIDENT

1056

INVESTORS SYNDICATE
(Minneapolis, Minnesota) [fol. 1580]

COMPARISON OF CERTIFICATE RESERVES SHOWN BY INVESTORS SYNDICATE AND DEVELOPED FROM EXPERIENCE FACTORS AT THE RATE OF INTEREST INDICATED

Series	Series No.	Number of Accounts	Maturity Value	Irregular Payments	Reserve per Investors Syndicate	Reserve at 4.535% Per Joseph Froggatt & Co., Inc.	Reserve at 3% Per Joseph Froggatt & Co., Inc.
			Reserves as at December 31, 1945				
10 Year Series:							
50,000 Series.....	2	281	$ 469,500	$ 349.50	$ 286,962.25	$ 310,396.85	$ 324,634.92
200,000 Series....	3	1,291	2,294,500	1,057.51	1,377,782.20	1,492,407.82	1,562,759.31
Series "A,".....	4	5,163	8,156,000	5,700.39	4,979,950.60	5,391,647.80	5,637,286.09
Series "C,".....	6	545	809,500	789.03	511,340.80	554,749.88	567,298.77
		7,280	$ 11,731,500	$ 7,896.43	$ 7,156,035.85	$ 7,749,202.35	$ 8,091,979.09
15 Year Series:							
Series "B,".....	5	25,992	$ 68,374,800	$ 28,223.55	$ 47,119,491.37	$ 50,461,007.08	$ 52,648,076.46
Series "D,".....	7	15,751	41,272,500	16,935.56	27,650,712.10	28,765,029.12	30,237,230.21
Series "F,".....	8	78,418	237,792,250	120,584.87	122,011,243.47	126,488,248.49	137,926,979.77
Series "G,".....	9	44,536	116,942,750	68,826.17	47,561,511.22	45,212,321.17	51,318,297.79
		164,697	$464,382,300	$234,570.15	$244,342,958.16	$250,926,603.86	$272,130,584.23
Reserve for Death and Disability Refund Options.....					$ 180,250.36		
Additional reserve not allocated to Series.....					2,374,355.10		
		172,977	$476,113,800	$242,466.58	$254,053,599.47	$258,675,808.21	$280,222,563.32
Reserve per Investors Syndicate.						254,053,599.47	254,053,599.47
Difference.....						$ 4,622,208.74	$ 26,168,963.85

INVESTORS SYNDICATE
(Minneapolis, Minnesota)

[fol. 1581]

NET INCOME OF INVESTORS SYNDICATE (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES) AVAILABLE FOR IMPROVING INSTALLMENT CERTIFICATE RESERVES, INCLUDING THE COMPANY'S PORTION OF SUBSIDIARY COMPANIES EARNINGS --
(BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAX)

	1944	1945	1946	1947	1948
Investment, management, and certificate servicing gross income:					
Interest on mortgages, bonds, certificate loans, and dividends on stocks	$ 8,152,548	$ 8,358,503	$ 8,951,113	$ 10,031,708	$ 11,239,867
Management fees	262,431	455,486	696,894	781,065	835,540
Mortgage operations income:					
New loan fees - affiliated companies	73,441	114,001	265,218	619,192	563,829
Mortgage service fees - affiliated companies	135,641	130,334	135,201	233,986	405,014
Premiums on mortgages sold - non-affiliated companies	37,011	126,826	4,804	409,625	60,521
Mortgage fees - non-affiliated companies	343,068	355,688	405,857	549,374	874,900
Certificate servicing income	1,291,142	1,105,755	995,318	933,034	905,670
Real estate and miscellaneous fees (net)	21,037	2,617	98,577	25,686	35,215
Corporation financing fees					69,000
Total investment, management, and certificate servicing gross income	$ 10,316,319	$ 10,649,210	$ 11,552,982	$ 13,583,670	$ 14,989,556
Investment, management, and certificate servicing expenses:					
Interest on advance payments, paid ups, and other miscellaneous certificates	$ 767,671	$ 875,988	$ 875,553	$ 886,440	$ 870,499
Mortgage agency expense	518,867	586,371	1,417,189	1,974,414	1,786,940
Collection agency expense - proportion	194,590	198,239	205,068	229,321	237,945
Depositary fees, collection fees to subs., etc.	134,169	118,690	148,348	117,687	148,608
General and administrative expense - proportion	986,292	1,005,558	1,412,633	1,594,847	1,930,240
Total investment, management, and certificate servicing expense	2,601,589	2,784,846	4,058,811	4,802,709	4,974,184
Net investment, management, and certificate servicing income	$ 7,714,730	$ 7,864,364	$ 7,494,171	$ 8,780,961	$ 10,015,372
Underwriting income:					
Underwriting fees - gross	$2,312,852	$3,895,075	$6,047,319	$6,367,955	$7,036,802
Underwriting expense:					
Underwriting commissions	$1,461,578	$2,406,679	$3,701,644	$3,907,926	$4,372,351
Provision for incentive pay fund	19,552	176,846	297,506	188,896	237,504
Sales agency fees	233,147	249,423	270,235	279,890	286,105
Advertising, sales promotion, etc.	121,971	132,497	149,730	178,941	245,282
General and administrative expense - proportion	588,325	654,467	665,569	610,581	645,817
Total underwriting expense	$2,424,573	$3,619,912	$5,084,724	$5,166,234	$5,786,859
Net underwriting income	(111,721)	275,163	962,595	1,201,721	1,249,943
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves	$ 7,603,009	$ 8,139,527	$ 8,456,766	$ 9,982,682	$ 11,265,315
Company's portion of subsidiary companies earnings before profit or loss on sale of investments or income taxes	178,084	198,643	198,364	445,005	867,785
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes)	$ 7,781,093	$ 8,338,170	$ 8,655,130	$ 10,427,687	$ 12,133,100
Mean installment certificate reserves	$167,927,281	$185,546,415	$206,560,822	$228,384,773	$246,824,685
Rate of net income including company's portion					

certificate reserves, including the company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes).....	$ 7,781,093	$ 8,338,170
Mean installment certificate reserves.....	$167,927,281	$185,546,415
Rate of net income including company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves to the mean installment certificate reserves...	4.63%	4.49%
Average rate for five-year period 1944-1948.....	4.56%	

Subject to comments attached to and forming part of this re

$ 8,655,130	$ 10,427,687	$ 12,133,100
$206,560,822	$228,384,773	$246,824,685
4.190%	4.566%	4.916%

	171,977	$476,113,800	$242,466.58	$254,053,599.47	$258,675,808.21	$280,222,563.32
Reserve per Investors Syndicate,					254,053,599.47	254,053,599.47
Difference.....					$ 4,622,208.74	$ 26,168,963.85

Subject to comments attached to and forming part of this report

Schedule "A"

NET INCOME OF INVESTORS SYNDICATE (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES) AVAILABLE FOR IMPROVING INSTALLMENT CERTIFICATE RESERVES, INCLUDING THE COMPANY'S PORTION OF SUBSIDIARY COMPANIES EARNINGS
(BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAX)

	1949		1950		1951		1952		1953	
Investment, management, and certificate servicing gross income:										
Interest on mortgages, bonds, certificate loans, and dividends on stocks		$ 11,646,000		$ 12,027,900		$ 11,724,700		$ 11,100,400		$ 10,110,700
Management fees		924,900		1,062,700		1,203,700		1,340,400		1,473,700
Mortgage operations income:										
New loan fees - affiliated companies		503,000		560,500		574,000		586,500		656,500
Mortgage service fees - affiliated companies		543,500		690,500		847,500		1,008,500		1,181,500
Premiums on mortgages sold - non-affiliated companies		100,000		-0-		-0-		-0-		-0-
Mortgage fees - non-affiliated companies		1,397,000		1,027,400		1,090,100		1,162,300		1,205,400
Certificate servicing income		863,100		813,200		750,700		680,700		601,300
Corporation financing fees		150,000		150,000		150,000		150,000		150,000
Total investment, management, and certificate servicing gross income		$ 16,127,500		$ 16,332,200		$ 16,340,700		$ 16,028,800		$ 15,379,100
Investment, management, and certificate servicing expense:										
Interest on advance payments, paid ups, and other miscellaneous certificates	$ 792,000		$ 749,300		$ 737,600		$ 796,800		$ 925,300	
Mortgage agency expense	1,500,000		1,400,000		1,450,000		1,500,000		1,550,000	
Collection agency expense - proportion	254,000		270,600		286,300		299,200		308,300	
Depositary fees, collection fees to subs., etc.	106,000		102,200		95,600		86,700		75,200	
General and administrative expense - proportion	2,176,700		2,201,800		2,204,400		2,170,000		2,096,400	
Total investment, management, and certificate servicing expense		4,828,700		4,723,900		4,773,900		4,852,700		4,955,200
Net investment, management, and certificate servicing income		$ 11,298,800		$ 11,608,300		$ 11,566,800		$ 11,176,100		$ 10,423,900
Underwriting income:										
Underwriting fees - gross	$7,547,300		$7,765,800		$7,913,300		$7,999,300		$8,050,800	
Underwriting expense:										
Underwriting commissions	$4,682,400		$4,812,300		$4,903,700		$4,957,000		$4,989,000	
Provisions for incentive pay fund	290,000		290,000		290,000		290,000		290,000	
Sales agency fees	212,200		222,000		232,700		243,200		250,600	
Regional managers expense	175,000		180,000		180,000		185,000		185,000	
Advertising, sales promotions, etc.	250,000		260,000		270,000		280,000		290,000	
General and administrative expense - proportion	560,000		570,000		580,000		590,000		600,000	
Total underwriting expense	$6,169,600		$6,334,300		$6,456,400		$6,545,200		$6,604,600	
Net underwriting income		1,377,700		1,431,500		1,456,900		1,454,100		1,446,200
Net Investors Syndicate income (before profit or loss on the sale of investments or income taxes) available for improving installment certificate reserves		$ 12,676,500		$ 13,039,800		$ 13,023,700		$ 12,630,200		$ 11,870,100
Company's portion of subsidiary companies earnings before profit or loss on sale of investments or income taxes.		968,000		1,086,500		1,302,000		1,522,000		1,731,000
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes).		$ 13,644,500		$ 14,126,300		$ 14,325,700		$ 14,152,200		$ 13,601,100
Mean installment certificate reserves		$256,057,900		$258,557,800		$249,902,550		$232,352,750		$205,786,250
Rate of net income including company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes) available for improving										

Company's portion of subsidiary companies earnings before profit or loss on sale of investments or income taxes.	968,000	1,086,500	1,302,000	1,522,000	1,711,000
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes).	$ 13,644,500	$ 14,126,300	$ 14,325,700	$ 14,152,200	$ 13,601,100
Mean installment certificate reserves.....	$256,057,900	$258,557,800	$249,902,550	$232,352,750	$205,786,250
Rate of net income including company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves.....	5.329%	5.463%	5.733%	6.091%	6.609%
Average rate for five-year period 1949-1953.....	5.845%				

Subject to comments attached to and forming part of this report

Schedule "C"

COMPARISON OF ACTUAL TO PROJECTED NET INCOME OF INVESTORS SYNDICATE (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES) AVAILABLE FOR IMPROVING INSTALLMENT CERTIFICATE RESERVES, INCLUDING THE COMPANY'S PORTION OF SUBSIDIARY COMPANIES EARNINGS (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES)

	Actual 1948		Projected 1948		Actual for 1948 Exceeds Projection by
Investment, management, and certificate servicing gross income:					
Interest on mortgages, bonds, certificate loans, and dividends on stocks		$ 11,239,867		$ 11,059,400	
Management fees		835,540		847,900	
Mortgage operations income:					
New loan fees - affiliated companies		563,829		565,000	
Mortgage service fees - affiliated companies		405,014		390,000	
Premiums on mortgages sold - non-affiliated companies		60,521		50,000	
Mortgage fees - non-affiliated companies		874,900		649,000	
Certificate servicing income		905,670		899,100	
Corporation financing fees		69,000		-0-	
Real estate and miscellaneous fees (net)		35,215		7,500	
Total investment, management, and certificate servicing gross income		$ 14,989,556		$ 14,467,900	$521,656
Investment, management, and certificate servicing expense:					
Interest on advance payments, paid ups, and other miscellaneous certificates	$ 870,459		$ 870,000		
Mortgage agency expense	1,786,940		1,550,000		
Collection agency expense - proportion	237,945		230,000		
Depositary fees, collection fees to subs., etc.	148,600		146,000		
General and administrative expense - proportion	1,930,240		1,646,700		
Total investment, management, and certificate servicing expense		4,974,184		4,442,700	531,484
Net investment, management, and certificate servicing income		$ 10,015,372		$ 10,025,200	($ 9,828)
Underwriting income:					
Underwriting fees - gross	$7,036,802		$7,476,000		($439,198)
Underwriting expense:					
Underwriting commissions	$4,372,151		$4,714,200		
Provision for incentive pay fund	237,504		350,000		
Sales agency fees	286,105		295,000		
Advertising, sales promotion, etc.	245,282		143,000		
General and administrative expense - proportion	645,817		690,000		
Total underwriting expense	$5,786,859		$6,192,200		($405,341)
Net underwriting income		1,249,943		1,283,800	($ 33,857)
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves		$ 11,265,315		$ 11,309,000	($ 43,685)
Company's portion of subsidiary companies earnings before profit or loss on sale of investments or income taxes		867,785		458,500	409,285
Net Investors Syndicate income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes)		$ 12,133,100		$ 11,767,500	$365,600
Mean installment certificate reserves		$246,824,685		$246,993,150	
Rate of net income including company's portion of subsidiary companies earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves to the mean installment certificate reserves		4.9168		4.7648	

Subject to comments attached to and forming part of this report

JOSEPH FROGGATT & CO., INC.
SPECIALISTS IN ALL BRANCHES OF INSURANCE ACCOUNTING
CONSULTING ACTUARIES & AUDITORS
74 TRINITY PLACE
NEW YORK

May 22, 1950.

Board of Directors,
Investors Diversified Services, Inc.,
Minneapolis, Minnesota.

Gentlemen:

In accordance with your instructions, we have made a valuation of the certificates in force of Investors Diversified Services, Inc., as at December 31, 1949.

The same formula was used as explained in detail in our report dated May 1, 1945.

A study of present lapse and surrender data and current "stretch-outs" indicates that the use of the original formula produces reserve calculations on a conservative basis.

Valuation as at December 31, 1949

The valuation of the certificates in force as at December 31, 1949 produced the reserves shown in Schedule "A." The following is a summary of the reserves as at December 31st, 1944 to 1949, inclusive:

[fol. 1584]
IN THE UNITED STATES DISTRICT COURT
PLAINTIFFS' EXHIBIT No. 221
1061

Investors Diversified Services, Inc.

Valuation as at December 31, 1949 - (Cont'd)

Reserve at 4.535% per Schedule "A" - (1949), ...	$265,508,560.47	
Reserve per Investors Diversified Services, Inc. (1949),	262,604,256.05	
Difference at December 31, 1949, ...	$ 2,904,304.42	
Difference at December 31, 1948, ...	4,622,208.74	
Reduction of difference, ...		$ 1,717,904.32
Reserve at 4.535% per Schedule "A" - (1948), ...	$258,675,808.21	
Reserve per Investors Diversified Services, Inc. (1948),	254,053,599.47	
Difference at December 31, 1948, ...	$ 4,622,208.74	
Difference at December 31, 1947, ...	5,424,672.91	
Reduction of difference, ...		802,464.17
Reserve at 4.535% per Schedule "A" - (1947), ...	$243,866,427.02	
Reserve per Investors Diversified Services, Inc. (1947),	238,441,754.11	
Difference at December 31, 1947, ...	$ 5,424,672.91	
Difference at December 31, 1946, ...	5,720,607.62	
Reduction of difference, ...		295,934.71
Reserve at 4.535% per Schedule "A" - (1946), ...	$222,883,443.20	
Reserve per Investors Diversified Services, Inc. (1946),	217,162,835.58	
Difference at December 31, 1946, ...	$ 5,720,607.62	
Difference at December 31, 1945, ...	6,214,992.32	
Reduction of difference, ...		494,384.70
Reserve at 4.535% per Schedule "A" - (1945), ...	$202,372,074.73	
Reserve per Investors Diversified Services, Inc. (1945),	196,157,082.41	
Difference at December 31, 1945, ...	$ 6,214,992.32	
Difference at December 31, 1944, ...	7,171,227.68	
Reduction of difference, ...		956,235.36
Reserve at 4.535% per Schedule "A" - (1944), ...	$183,528,986.21	
Reserve per Investors Diversified Services, Inc. (1944)	176,357,758.53	
Difference at December 31, 1944, ...	$ 7,171,227.68	
Difference at December 31, 1943, ...	7,800,176.40	
Reduction of difference, ...		628,948.72
Total, ...		$ 4,095,871.98

[fol. 1585]

1585

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Valuation as at December 31, 1949 - (Cont'd)

Reserve at 3% per Schedule "A" - (1949),	$283,763,130.94	
Reserve per Investors Diversified Services, Inc. (1949),	262,604,256.05	
Difference at December 31, 1949,	$ 21,158,874.89	
Difference at December 31, 1943,	26,168,963.85	
Reduction of difference,		$ 5,010,088.96
Reserve at 3% per Schedule "A" - (1948),	$280,222,563.32	
Reserve per Investors Diversified Services, Inc. (1948),	254,053,599.47	
Difference at December 31, 1948,	$ 26,168,963.85	
Difference at December 31, 1947,	29,965,838.43	
Reduction of difference,		3,796,874.58
Reserve at 3% per Schedule "A" - (1947),	$268,407,592.54	
Reserve per Investors Diversified Services, Inc. (1947),	238,441,754.11	
Difference at December 31, 1947,	$ 29,965,838.43	
Difference at December 31, 1946,	32,663,192.69	
Reduction of difference,		2,697,354.26
Reserve at 3% per Schedule "A" - (1946),	$249,826,028.27	
Reserve per Investors Diversified Services, Inc. (1946),	217,162,835.58	
Difference at December 31, 1946,	$ 32,663,192.69	
Difference at December 31, 1945,	35,108,186.98	
Reduction of difference,		2,444,994.29
Reserve at 3% per Schedule "A" - (1945),	$231,265,269.39	
Reserve per Investors Diversified Services, Inc. (1945),	196,157,082.41	
Difference at December 31, 1945,	$ 35,108,186.98	
Difference at December 31, 1944,	37,492,079.58	
Reduction of difference,		2,383,892.60
Reserve at 3% per Schedule "A" - (1944),	$213,849,838.11	
Reserve per Investors Diversified Services, Inc. (1944),	176,357,758.53	
Difference at December 31, 1944,	$ 37,492,079.58	
Difference at December 31, 1943,	40,463,820.42	
Reduction of difference,		2,971,740.84
Total,		$19,304,945.53

Valuation as at December 31 1949 - (Cont'd)

The Company has prepared and we are submitting herewith the following Schedules of "Net Income of Investors Diversified Services, Inc. (before profit or loss on sale of investments or income taxes) available for improving instalment certificate reserves, including the Company's portion of subsidiary Companies' earnings (before profit or loss on sale of investments or income taxes)":

Schedule "B" - Actual for the five years 1945-1949.

Schedule "C" - Projected for the five Years 1950-1954.

Schedule "D" - Comparison of 1949 actual to 1949 projected.

These schedules have been prepared using the same outline of items as was used in the preparation of comparable schedules which were included in our report dated April 29, 1949. We have not audited these figures but we believe that the schedules properly present the results and that the assumptions used in the prognostications are reasonable.

We have determined by extrapolation that an earnings rate of 4.779% would be required on the dollar amount of reserves maintained by the Company at December 31, 1949 to meet its maturities and other contract requirements. It is, therefore, important to know particularly as to the future whether or not the results from the Company's operations will be such as to produce earnings sufficient to meet the requirements. The recast of actual results as per Schedule "B" indicates that for the past five years the rate of earnings has averaged 4.781%. A prognostication has been made for the next five years as per Schedule "C" indicating a possible average earnings rate of 6.347%. Assuming the reasonableness of the prognostications, it is obvious that by comparison of the rates hereinbefore set forth the Investors Diversified Services, Inc. should be able to meet contract requirements over a number of years.

Respectfully submitted,

JOSEPH FROGGATT & CO., INC.,
Public Accountants and Auditors.

By _____ PRESIDENT

[fol. 1587]

1587

1064

INVESTORS DIVERSIFIED SERVICES, INC.
(Minneapolis, Minnesota)

[fol. 1588]

COMPARISON OF CERTIFICATE RESERVES AS AT DECEMBER 31, 1949 SHOWN BY INVESTORS DIVERSIFIED SERVICES, INC. AND DEVELOPED FROM EXPERIENCE FACTORS AT THE RATES OF INTEREST INDICATED

Series	Series No.	Number of Accounts	Maturity Value	Irregular Payments	Reserve Per Investors Diversified Services, Inc.	Reserve at 4.535% Per Joseph Froggatt & Co., Inc.	Reserve at 3% Per Joseph Froggatt & Co., Inc.
				Reserves as at December 31, 1949			
10 Year Series:							
50,000 Series.....	2	210	$ 357,000	$ 318.83	$ 215,834.40	$ 233,110.54	$ 243,824.32
200,000 Series.....	3	983	1,719,000	877.05	1,020,162.50	1,103,743.62	1,159,595.67
Series "A,".....	4	3,888	6,180,000	4,319.13	3,765,878.30	4,075,173.80	4,260,216.15
Series "C,".....	6	402	605,000	677.29	379,286.15	410,992.03	427,515.48
		5,483	$ 8,841,000	$ 6,192.30	$ 5,381,161.35	$ 5,825,019.99	$ 6,091,151.62
15 Year Series:							
Series "B,".....	5	20,540	$ 54,114,450	$ 22,621.60	$ 38,495,225.05	$ 41,126,040.31	$ 42,699,776.94
Series "D,".....	7	15,277	40,031,250	16,776.21	30,038,587.00	31,148,133.41	32,216,724.70
Series "F,".....	8	75,129	227,753,250	111,126.18	133,434,879.29	137,725,517.06	147,550,273.93
Series "G,".....	9	42,003	109,856,250	63,288.28	51,579,390.77	49,683,849.70	55,205,203.75
		152,949	$431,755,200	$213,812.27	$253,548,082.11	$259,683,540.48	$277,671,979.32
Reserve for Death and Disability Refund Options.....					$ 175,012.59		
Additional reserve not allocated to Series...					3,500,000.00		
		158,432	$440,596,200	$220,004.57	$262,604,256.05	$265,508,560.47	$283,763,130.94
Reserve per Investors Diversified Services, Inc.....						262,604,256.05	262,604,256.05
Difference.....						$ 2,904,304.42	$ 21,158,874.89

Subject to opinion attached to and forming part of this report

[fol. 1589]

	1945	1946	1947	1948	1949
Investment, management, mortgage operations, and certificate servicing gross income:					
Interest on mortgages, bonds, certificate loans, and dividends on stocks	8,358,503	$ 8,951,113	$ 10,031,708	$ 11,239,867	$ 11,997,978
Management fees	455,486	696,8[illegible]	781,065	835,540	916,400
Mortgage operations income:					
Real loan fees - affiliated companies	114,061	[illegible]65,118	614,193	563,829	447,538
Mortgage service fees - affiliated companies	130,334	135,[illegible]07	433,986	405,014	488,829
Premiums on mortgages sold - non-affiliated companies	126,826	4,8[illegible]4	49,625	60,521	185,060
Mortgage fees - non-affiliated companies	355,688	[illegible]85,857	549,374	874,900	3,043,266
Certificate servicing income	1,105,755	995,318	933,034	905,670	889,688
Corporation financing fees				69,000	146,449
Real estate and miscellaneous fees (net)	2,617	98,577	25,686	35,215	25,728
Dividends on stock of subsidiary					165,000
Total investment, management, mortgage operations, and certificate servicing gross income	$ 10,649,270	$ 11,55[illegible],982	$ 13,583,670	$ 14,989,556	$ 18,265,936
Investment, management, mortgage operations, and certificate servicing expenses:					
Interest on advance payments, paid ups, and other miscellaneous certificates	$ 875,988	$ 875,553	$ 886,440	$ 870,459	$ 901,454
Mortgage agency expense	586,371	1,417,189	1,974,414	1,786,940	2,239,171
Collection agency expense - proportion	198,239	205,088	229,321	237,945	256,528
Depositary fees, collection fees to subs., etc.	118,690	148,348	117,687	148,600	269,402
General and administrative expense - proportion	1,005,558	1,412,633	1,594,847	1,930,240	2,262,225
Total investment, management, mortgage operations, and certificate servicing expense		3,784,846	4,058,811	4,802,709	4,974,184	5,928,780
Net investment, management, mortgage operations, and certificate servicing income		$ 7,864,364	$ 7,494,171	$ 8,780,961	$ 10,015,372	$ 12,337,156
Underwriting income:						
Underwriting fees - gross	$3,895,675		$6,047,319	$6,367,955	$7,036,802	$7,629,450	
Underwriting expense:						
Underwriting commissions	$2,406,679		$3,701,684	$3,907,926	$4,372,151	$4,777,266	
Provision for incentive pay fund	176,846		297,506	188,896	237,504	305,744	
Regional managers expense				154,779	160,667	173,165	
Sales agency fees	249,423		270,235	224,925	229,631	262,810	
Advertising, sales promotion, etc.	132,497		149,730	155,841	228,403	203,114	
General and administrative expense - proportion	654,467		665,569	533,867	558,503	632,304	
Total underwriting expense	$3,619,912		$5,084,734	$5,166,234	$5,786,859	$6,354,403	
Net underwriting income		275,163	962,595	1,201,721	1,249,943	1,275,047
Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves		$ 8,139,527	$ 8,456,766	$ 9,982,682	$ 11,265,315	$ 13,612,203
Company's portion of subsidiary companies undistributed earnings before profit or loss on sale of investments or income taxes		198,643	198,364	445,005	867,785	1,195,321
Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes)		$ 8,338,170	$ 8,655,130	$ 10,427,687	$ 12,133,100	$ 14,807,524
Mean installment certificate reserves		$185,546,415	$206,56[illegible],8[illegible]	$228,384,773	$246,824,685	$2[illegible]8,043,910
Rate of net income including company's portion of						

INVESTORS DIVERSIFIED SERVICES, INC.
(Minneapolis, Minnesota)

[fol. 1590]

PROJECTED NET INCOME OF INVESTORS DIVERSIFIED SERVICES, INC. (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES)
AVAILABLE FOR IMPROVING INSTALLMENT CERTIFICATE RESERVES INCLUDING THE COMPANY'S PORTION OF SUBSIDIARY COMPANIES UNDISTRIBUTED EARNINGS
(BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES)

	1950	1951	1952	1953	1954
Investment, management, mortgage operations, and certificate servicing gross income:					
Interest on mortgages, bonds, certificate loans, and dividends on stocks	$ 12,826,100	$ 11,907,500	$ 10,859,500	$ 9,705,100	$ 8,312,100
Management fees	1,248,800	1,415,100	1,585,100	1,750,600	1,911,500
Mortgage operations income:					
New loan fees - affiliated companies	639,500	539,000	582,500	676,000	721,000
Mortgage service fees - affiliated companies	627,000	753,500	858,500	972,000	1,093,000
Premiums on mortgages sold - non-affiliated companies	400,000	100,000	-0-	-0-	-0-
Mortgage fees - non-affiliated companies	5,301,400	1,982,700	1,022,400	1,008,800	966,900
Certificate servicing income	831,900	747,200	655,700	556,700	468,900
Corporation financing fees	20,000	-0-	-0-	-0-	-0-
Total investment, management, mortgage operations, and certificate servicing gross income	$ 21,894,700	$ 17,445,000	$ 15,563,700	$ 14,669,200	$ 13,473,400
Investment, management, mortgage operations, and certificate servicing expense:					
Interest on advance payments, paid ups, and other miscellaneous certificates	$ 755,000	$ 660,200	$ 742,700	$ 935,400	$1,162,300
Mortgage agency expense	2,595,000	1,850,000	1,700,000	1,650,000	1,650,000
Collection agency expense - proportion	260,900	249,700	246,700	242,000	238,500
Depositary fees, collection fees to subs., etc.	101,100	93,500	84,000	71,300	58,500
Provision for contingency reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General and administrative expense - proportion	2,588,600	2,480,200	2,209,300	2,127,300	1,992,700
Total investment, management, mortgage operations, and certificate servicing expense	7,300,600	6,333,600	5,982,700	6,026,000	6,102,000
Net investment, management, mortgage operations, and certificate servicing income	$ 14,594,100	$ 11,111,400	$ 9,581,000	$ 8,643,200	$ 7,371,400
Underwriting income:					
Underwriting fees - gross	$7,814,400	$8,086,700	$8,063,600	$8,112,000	$8,109,800
Underwriting expense:					
Underwriting commissions	$4,878,350	$5,047,200	$5,032,900	$5,062,900	$5,061,450
Provisions for incentive pay fund	290,000	290,000	290,000	290,000	290,000
Sales agency fees	214,000	202,900	200,600	196,700	193,900
Regional managers expense	180,000	180,000	185,000	185,000	190,000
Advertising, sales promotions, etc.	260,000	270,000	280,000	290,000	300,000
General and administrative expense - proportion	700,000	750,000	800,000	850,000	900,000
Total underwriting expense	$6,522,350	$6,740,100	$6,788,500	$6,874,600	$6,935,350
Net underwriting income	1,292,050	1,346,600	1,275,100	1,237,400	1,174,450
Net Investors Diversified Services, Inc. income (before profit or loss on the sale of investments or income taxes) available for improving installment certificate reserves	$ 15,886,150	$ 12,458,000	$ 10,856,100	$ 9,880,600	$ 8,545,850
Company's portion of subsidiary companies undistributed earnings before profit or loss on sale of investments or income taxes	1,499,700	1,789,600	2,161,500	2,394,500	2,757,900
Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes)	$ 17,385,850	$ 14,247,600	$ 13,017,600	$ 12,275,100	$ 11,303,750
Mean installment certificate reserves	$250,340,000	$247,007,400	$235,600,400	$218,487,600	$202,750,250

undistributed earnings (before profit or loss on sale of investments or income taxes),.....	$ 8,338,170	$ 8,655,130	$ 10,427,687	$ 12,133,100	$ 14,807,524
Mean installment certificate reserves,.....	$185,546,415	$206,563,822	$228,384,773	$246,824,685	$268,043,910
Rate of net income including company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves to the mean installment certificate reserves,.....	4.494%	4.190%	4.566%	4.916%	5.738%
Average rate for five-year period 1945-1949,.....	4.781%				

Subject to comments attached to and forming part of this report

Schedule "B"

INVESTORS DIVERSIFIED SERVICES, INC.
(Minneapolis, Minnesota) [fol. 1591]

COMPARISON OF ACTUAL TO PROJECTED NET INCOME OF INVESTORS DIVERSIFIED SERVICES, INC. (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES) AVAILABLE FOR IMPROVING INSTALLMENT CERTIFICATE RESERVES, INCLUDING THE COMPANY'S PORTION OF SUBSIDIARY COMPANIES UNDISTRIBUTED EARNINGS (BEFORE PROFIT OR LOSS ON SALE OF INVESTMENTS OR INCOME TAXES)

		Actual 1949		Projected 1949		Actual for 1949 Exceeds Projection by
Investment, management, mortgage operations, and certificate servicing gross income:						
Interest on mortgages, bonds, certificate loans, and dividends on stocks			$ 11,957,978		$ 11,646,000	
Management fees			916,400		924,900	
Mortgage operations income:						
New loan fees - affiliated companies			447,538		503,000	
Mortgage service fees - affiliated companies			488,829		543,500	
Premiums on mortgages sold - non-affiliated companies			185,060		100,000	
Mortgage fees - non-affiliated companies			3,043,266		1,397,000	
Certificate servicing income			889,688		863,100	
Corporation financing fees			25,728		150,000	
Real estate and miscellaneous fees			146,449		-0-	
Dividends on stock of subsidiary			165,000		-0-	
Total investment, management, mortgage operations, and certificate servicing gross income			$ 18,265,936		$ 16,127,500	$2,138,436
Investment, management, mortgage operations, and certificate servicing expense:						
Interest on advance payments, paid ups, and other miscellaneous certificates		$ 901,454		$ 792,000		
Mortgage agency expense		2,239,171		1,500,000		
Collection agency expense - proportion		256,528		254,000		
Depositary fees, collection fees to subs., etc.		269,402		106,000		
General and administrative expense - proportion		2,262,225		2,176,700		
Total investment, management, mortgage operations, and certificate servicing expense			5,928,780		4,828,700	1,100,080
Net investment, management, mortgage operations, and certificate servicing income			$ 12,337,156		$ 11,298,800	$1,038,356
Underwriting income:						
Underwriting fees - gross		$7,629,450		$7,547,300		$ 82,150
Underwriting expense:						
Underwriting commissions		$4,777,266		$4,682,400		
Provision for incentive pay fund		305,744		290,000		
Sales agency fees		262,810		212,200		
Regional managers expense		173,165		175,000		
Advertising, sales promotion, etc.		203,114		250,000		
General and administrative expense - proportion		632,304		560,000		
Total underwriting expense		$6,354,403		$6,169,600		184,803
Net underwriting income			1,275,047		1,377,700	$ (102,653)
Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves			$ 13,612,203		$ 12,676,500	$ 935,703
Company's portion of subsidiary companies undistributed earnings before profit or loss on sale of investments or income taxes			1,195,321		968,000	227,321
Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of						

In the United States District Court
Plaintiffs' Exhibit No. 223—Ld.
[fol. 1592]

Joseph Froggatt, Jr. President
Scott Harris, Executive Vice Pres.
W. L. Hippard, Vice Pres. & Secy

A. R. Baumann
Lawrence W. Miles
Harold C. Crawford
Vice Presidents
Roy B. Meyer
Assistant Secretary
Earl Nicholson
Actuary
Albert M. Sieb
Comptroller

Joseph Froggatt & Co., Inc.

Specialists in all branches of insurance accounting

Consulting Actuaries & Auditors

74 Trinity Place

New York 6, N.Y.

Branch Offices
Boston
Chicago
Dallas
Los Angeles
Newark
Philadelphia
San Francisco

Cable Address
Froggatt New York

April 7, 1949

Mr. Earl E. Crabb, President
Investors Syndicate
200 Roanoke Building
Minneapolis 2, Minnesota

Dear Mr. Crabb:

In line with your request, we have made a valuation of the stock of Investors Syndicate of Canada. For this purpose, we have followed the procedure used in valuing the stock of life insurance companies, viz., the present value of the earnings as a going concern over the next seven, ten or fifteen years plus the capital and surplus.

The yearly earnings from operations were taken as the increase in surplus in the various years, less the interest earned on capital and surplus and less capital gains on sale of securities. This produced a weighted average earning of $.9087 per $1,000 of face value of certificates in force. In accordance with your advice, we have assumed the following yearly increases in face amount of certificates in force: 1949, $35,000,000.; 1950, $36,000,000.; 1951, $37,000,000.; 1952, $38,000,000.; 1953, $39,000,000.; 1954 and subsequent years, $40,000,000. The average rate of income was taken as 3.940%.

This produced the following values of the Investors Syndicate of Canada, taken as the present value of the earnings over the number of years indicated plus the capital, surplus, and reserve for possible future losses on investments:

	Value of Going Concern December 31, 1948	Capital, Surplus and Res. for Future Investment Losses - Dec. 31, 1948	Value of Stock December 31, 1948	
			Total	Per Share of $1.00
7 year basis	$1,559,700.00	$940,461.20	$2,500,161.20	$14.29
10 year basis	2,498,520.00	940,461.20	3,438,981.20	19.65
15 year basis	4,275,300.00	940,461.20	5,215,761.20	29.80

We feel that the Investors Syndicate of Canada should be valued as a going concern rather than on a liquidating basis of thepresent business. A more accurate approach could be made by analysis of the factors comprising the sources of the yearly earnings. This would involve a comparison of the future net loading with expenses and a comparison of the interest to be realized with that required to mature the certificates. It would also involve careful appraisal of the future rate of increase in certificates in force.

Yours very truly,

1592

Earl Nicholson
Actuary

EN:MN

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PLEASE RETURN TO
GENERAL ACCTG. DEPT.
REPORT FILE

INVESTORS DIVERSIFIED SERVICES, INC.

SUMMARY OF OPERATIONS
MONTH ENDING JANUARY 31, 1950

Exhibit A - Summary of Balance Sheet

Exhibit B - Summary of Statement of Net Income and Earned Surplus

Exhibit C - Net Income from Investments, Management, Mortgage Operations, and Certificate Servicing

Exhibit D - Net Income from Underwriting Fees
Sales of Subsidiary and Affiliated Companies
Number of Representatives

Exhibit E - Net Income of Subsidiary Companies
Assets of Parent, Subsidiary and Affiliated Companies
Number of Permanent Employees

Exhibit F - Analysis of Security Investments

1. Summary of Investment Securities Owned
2. Analysis of Purchases and Sales, and Securities in Default.

Exhibit G - Analysis of Mortgage Investments

1. Fully Funded and Construction Loans, and Payment Status
2. Fundings, Sales and Payoffs, Commitments Outstanding, and Undisbursed Loans

Exhibit H - Certificates in Force

General Accounting Department
April 12, 1950

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EXHIBIT A

[fol. 1594]

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF BALANCE SHEET

	January 3... 1950 Amount	%	December 31, 1949 Amount	%	Increase or Decrease
ASSETS					
Cash	$ 7,144,614	2.47	$ 4,861,179	1.68	$2,283,435
Investment in Securities					
U.S. Governments	$ 6,949,863	2.41	$ 6,949,863	2.40	$ -0-
Other Bonds	23,110,545	8.00	24,717,163	8.54	(1,606,618)
Preferred Stocks	20,645,705	7.14	22,021,696	7.61	(1,375,991)
Common Stocks	298,218	.10	298,218	.10	-0-
Total Securities	$ 51,004,33..	17.65	$ 53,986,940	18.65	($2,982,609)
Less: Reserve for Investments	281,007	.10	295,144	.10	(14,137)
Net Investment in Securities	$ 50,723,324	17.55	$ 53,691,796	18.55	($2,968,472)
Mortgages:					
F.H.A. Insured First Mortgages	$ 71,375,846	24.87	$ 72,799,364	25.15	$(923,518)
G.I. Loans	40,542,155	14.03	39,235,473	13.56	1,306,682
Other First Mortgages	96,772,319	33.48	96,777,375	33.43	(5,056)
Total Mortgages	$209,190,320	72.38	$208,812,212	72.14	$ 378,108
Certificate Loans	$ 11,398,334	3.95	$ 11,437,647	3.95	$ (39,313)
Real Estate	$ 338,120	.12	$ 339,326	.12	$ (1,206)
Accrued Interest and Dividends Receivable	$ 1,466,980	.51	$ 1,511,379	.52	$ (44,399)
Total Cash & Invested Assets	$280,261,698	96.98	$280,653,539	96.96	$ (391,841)
Stocks in Subsidiary Companies	5,172,35..	1.79	5,284,959	1.83	(112,608)
Receivables from Subsidiary Companies	1,452,720	.50	1,825,098	.63	(372,378)
Other Assets	2,116,908	.73	1,694,997	.58	421,911
Total Assets	$289,003,67..	100.00	$289,458,593	100.00	$ (454,916)
LIABILITIES AND RESERVES					
Certificate Reserves:					
Installment Certificates	$274,451,378	94.97	$275,016,117	95.01	$ (554,739)
Fully Paid Certificates	8,939,05..	3.09	8,943,379	3.09	(4,326)
Total Certificate Reserves	$283,400,43..	98.06	$283,959,496	98.10	$ (559,065)
Other Liabilities & Deferred Income	2,922,38..	1.01	2,602,390	.90	320,006
Total Liabilities & Reserves	$286,322,82..	99.07	$286,561,886	99.00	$ (239,059)
CAPITAL STOCK AND SURPLUS					
Capital Stock:					
Common $5.00 Par Value	$ 574,54..	.20	$ 574,541	.20	$ -0-
Common, Class A, $5.00 Par Value	879,18..	.30	879,182	.30	-0-
Reserve for Contingencies	1,227,12..	.43	1,442,984	.50	(215,857)
Earned Surplus	Nil		Nil		-0-
Total Capital Stock & Surplus	$ 2,680,850	.93	$ 2,896,707	1.00	$ (215,857)
Total Liabilities & Capital	$289,003,67..	100.00	$289,458,593	100.00	$ (454,916)

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companies undistributed earnings (before profit or loss on sale of investments or income taxes).....	$ 17,385,850	$ 14,247,600	$ 13,017,600	$ 12,275,100	$ 11,303,750
Mean installment certificate reserves....	$259,184,000	$247,097,400	$225,602,850	$194,425,650	$157,450,050
Rate of net income including company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves.....	6.708%	5.766%	5.770%	6.314%	7.179%
rage rate for five-year period 1950-1954.....	6.347%				

Subject to comments attached to and forming part of this report

Net Investors Diversified Services, Inc. income (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves, including the company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes).....	$ 14,807,524	$ 13,644,500	$1,163,024
Mean installment certificate reserves.....	$258,043,910	$256,057,900	
Rate of net income including company's portion of subsidiary companies undistributed earnings (before profit or loss on sale of investments or income taxes) available for improving installment certificate reserves to the mean installment certificate reserves.....	5.738%	5.329%	

Subject to comments attached to and forming part of this report

Schedule "D"

EXHIBIT B

[fol. 1595]

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF STATEMENT OF NET INCOME AND EARNED SURPLUS

	Month of January			
	Projected 1950	Actual 1950	1949	Difference
NET INCOME FROM OPERATIONS				
Investments, Management, Mortgage Operations and Certificate Servicing (Exhibit C)	$167,448	($ 5,191)	($280,901)	$275,710
Underwriting Fees (Exhibit D)	68,955	110,730	108,833	1,897
Net Income from Operations	$236,403	$105,539	($172,068)	$277,607
Income Charges - net (Note 1)	-0-	(8,214)	52	(8,266)
Net Income before Profit or Loss on Sale of Investments and Provision for Income Tax	$236,403	$113,753	($172,120)	$285,873
Share of Subsidiaries Earnings from Operations	142,964	112,748	57,303	55,445
Net Income & Share of Subsidiaries Earnings before Profit or Loss on Sale of Investments & Provision for Income Taxes	$379,367	$226,501	($114,817)	$341,318
Profit on Sale of Investments:				
Investors Diversified Services (Net)		(186,974)	-0-	(186,974)
Share of Subsidiaries Profits (Net)		(220,660)	(18)	(220,642)
Net Income and Share of Subsidiaries Earnings before Provision for Income Taxes		($181,133)	($114,835)	($ 66,298)
Provision for Income Taxes:				
Investors Diversified Services		(31,117)	-0-	(31,117)
Share of Subsidiaries provision		(4,782)	(6,070)	1,288
NET INCOME AND SHARE OF SUBSIDIARIES NET INCOME		($217,032)	($120,905)	($ 96,127)
Surplus Adjustments		1,175	(3,479)	4,654
Appro. to Reserve for Contingencies		215,857	124,384	91,473
Increase in Surplus		Nil	Nil	-0-

Note 1. Includes provision for Canadian exchange and miscellaneous items.

Net Income of I.D.S. before Profit or Loss on Sale of Investments & Provision for Income Taxes	$113,753	($172,120)	$285,873
Profit on Sale of Investments	(186,974)	-0-	(186,974)
Provision for Income Taxes	(31,117)	-0-	(31,117)
Net Income of Investors Diversified Services	($104,338)	($172,120)	$ 67,782

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EXHIBIT C

[fol. 1596]

INVESTORS DIVERSIFIED SERVICES, INC.

NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING

	Month of January			
	Projected	Actual		
	1950	1950	1949	Difference
INVESTMENT INCOME	$1,009,014	$1,049,160	$ 914,069	$135,091
LESS COST OF CERTIFICATE MONEY	1,228,662	1,257,605	1,230,263	27,342
Difference	($ 219,648)	$(208,445)	$ (316,194)	$107,749
Less Direct Investment Expense	-0-	(920)	(52)	(938)
Remainder	($ 219,648)	$ (207,525)	$ (316,142)	$108,687
DIVIDENDS ON STOCK OF SUBSIDIARY COMPANIES	$ -0-	$ -0-	$ -0-	$ -0-
CORPORATION FINANCING FEES	$ 1,667	$ -0-	$ 30,000	$ (30,000)
MANAGEMENT INCOME				
Inv. Syndicate of America	$ 9,700	$ 9,854	$ 9,178	$ 686
Investors Syndicate of Canada	5,000	5,285	3,693	1,592
I. S. T. & G. Co.	1,250	1,250	1,250	-0-
Funds	85,442	84,566	62,044	22,512
Total	$ 101,392	$ 100,955	$ 76,165	$ 24,790
NET INCOME FROM MORTGAGE OPERATIONS				
Non-Affiliated Companies:				
Premiums on Mortgages Sold	$ 33,333	$ 20,874	$ 10,369	$ 10,505
Const. Loan Fees Earned	433,333	306,621	64,846	241,775
Ins. Commissions & Other Fees	66,783	74,409	35,050	39,359
Affiliated Companies:				
Mortgage Service Fees				
Inv. Syndicate of America	39,000	38,112	31,625	6,487
I. S. T. & G. Co.	8,333	7,800	7,935	(135)
New Loan Fees				
Inv. Syndicate of America	48,292	43,381	3,082	40,299
I. S. T. & G. Co.	3,000	3,792	3,962	1,830
Total Income	$ 634,074	$ 496,989	$ 156,869	$340,120
Less Loan Agency Expenses:				
Commissions & Premiums Paid	$ 16,667	$ 16,197	$ 3,073	$ 13,124
FNMA Commitment Fees	29,167	105,795	9,837	95,958
Servicing Contract Canc. Fees	16,667	-0-	-0-	-0-
Other Loan Agency Expense	128,750	122,055	93,657	28,398
Total Loan Agency Expense	$ 191,251	$ 244,047	$ 106,567	$137,480
Net Income	$ 442,823	$ 252,942	$ 50,302	$202,640
CERTIFICATE SERVICING INCOME				
Collection Revenue	$ 46,658	$ 45,478	$ 51,179	$ (5,701)
Subsequent Years Loading	790	829	1,310	(481)
Cert. Collection Fees from ISA	8,900	9,099	7,900	1,199
Reserve Recoveries - Surrenders	15,033	16,517	13,450	3,067
Miscellaneous	-0-	2,897	1,611	1,286
Total Income	$ 71,381	$ 74,820	$ 75,450	$ (630)
Less Direct Cert. Ser. Costs	30,167	27,930	32,686	(4,756)
Net Income	$ 41,214	$ 46,890	$ 42,764	$ 4,126
GENERAL AND ADMINISTRATIVE EXPENSES - PROPORTION	$ 292,000	$ (198,523)	$ (163,990)	$(34,533)
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING	$ 167,448	$ (5,191)	$ (280,201)	$275,710

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EXHIBIT D

[fol. 1597]

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME FROM UNDERWRITING FEES

	Month of January			
	Projected	Actual		
	1950	1950	1949	Difference
Underwriting Income				
From I.S. of A., Inc.	$324,067	$327,448	$340,390	($ 12,942)
From Funds	235,581	316,467	227,364	89,103
Total Income	$559,648	$643,915	$567,754	$ 76,161
Underwriting Commissions Paid:				
I.S. of A., Inc.	$200,919	$205,106	$211,878	$ (6,772)
Funds	150,024	196,971	142,593	54,378
Other Direct Underwriting Expense	70,637	77,735	57,037	20,698
Gen. and Adm. Expenses - Prop.	61,083	53,373	47,413	5,960
Total Expense	$490,693	$533,185	$458,921	$ 74,264
Net Income	$ 68,955	$110,730	$108,833	$ 1,897

SALES OF SUBSIDIARY AND AFFILIATED COMPANIES

	Month of January		Increase or
	1950	1949	Decrease
Investors Syndicate of America, Inc.*	$ 8,385,872	$ 8,618,790	$ (232,918)
Investors Mutual, Inc.	4,668,520	3,558,860	1,109,660
Investors Stock Fund, Inc.	414,650	238,894	175,756
Investors Selective Fund, Inc.	218,433	-0-	218,433
Total Sales by Underwriting Company	$13,687,475	$12,416,544	$1,270,931
Investors Syndicate of Canada, Ltd. *	$ 2,163,700	$ 1,670,300	$ 493,400
Investors Syndicate Title & Guar. Co.*	870,117	911,500	(41,383)
Total Other Sales	$ 3,033,817	$ 2,581,800	$ 452,017
Total Sales	$16,721,292	$14,998,344	$1,722,948

*Maturity Amount of Installment Certificates

NUMBER OF REPRESENTATIVES

	Month of January		Increase or
	1950	1949	Decrease
Beginning of Period	1,791	1,741	50
Added	52	55	(3)
Left	105	169	(64)
End of Period	1,738	1,627	111

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EXHIBIT E

[fol. 1598]

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME OF SUBSIDIARY COMPANIES

	Month of January		Increase or Decrease
	1950	1949	
Investors Syndicate of America, Inc.	($156,764)	$21,008	($177,772)
Investors Syndicate of Canada, Ltd.	8,316	12,127	(3,811)
Investors Syndicate Title & Guar. Co.	34,796	18,680	16,116
Miscellaneous Subsidiaries	2,061	-0-	2,061
Total	($111,591)	$51,815	($163,406)
Less: Minority Interest	1,103	600	503
Parent Company Portion	($112,694)	$51,215	($163,909)

ASSETS OF PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

	Jan. 31, 1950	Dec. 31, 1949	Increase or Decrease
Investors Syndicate of America, Inc.	$131,103,955	$129,202,370	$1,901,585
Investors Syndicate of Canada, Ltd. *	30,324,830	29,854,961	529,859
Investors Syndicate Title & Guar. Co.	30,547,030	30,442,638	104,392
Miscellaneous Subsidiaries *	1,328,045	1,339,710	(11,665)
Total Assets of Subsidiaries	$193,163,860	$190,839,679	$2,324,181
Investors Mutual, Inc.	$181,848,757	$177,159,150	$4,689,607
Investors Stock Fund, Inc.	13,728,124	13,360,069	368,055
Investors Selective Fund, Inc.	1,831,727	1,663,590	218,137
Total Assets of Affiliates	$197,128,608	$192,182,809	$5,245,799
Investors Diversified Services, Inc. *	$289,103,677	$289,458,593	$ (454,916)
Total Assets of All Companies	$679,396,145	$672,481,081	$7,315,064

*Canadian Assets have been discounted at 10%

NUMBER OF PERMANENT EMPLOYEES

	Jan. 31, 1950	Dec. 31, 1949	Increase or Decrease
Home Office	811	824	(13)
Loan Agency	247	240	7
TOTAL	1,058	1,064	(6)

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EXHIBIT F-1

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF INVESTMENT SECURITIES OWNED
AT DECEMBER 31, 1949 AND JANUARY 31, 1950

	.....DECEMBER 31, 1949.....				.....JANUARY 31, 1950.....			
	PAR OR SHARES	BOOK VALUE		MARKET VALUE	PAR OR SHARES	BOOK VALUE		MARKET VALUE
DOMESTIC SECURITIES								
U.S. Government Bonds	$ 6,897,250	$ 6,949,862.65	12.64%	$ 7,179,213.53	$ 6,897,250	$ 6,949,862.65	13.37%	$ 7,128,689.32
Municipal Bonds	57,000	87,186.95	.16	86,184.50	57,000	87,098.49	.17	86,151.30
Railroad Bonds	3,806,000	3,691,021.41	6.71	3,399,020.00	2,733,000	2,602,588.89	5.01	2,531,648.75
Public Utility Bonds	1,916,000	1,985,861.81	3.61	1,990,437.50	1,487,000	1,526,932.35	2.94	1,522,250.00
Industrial Bonds	10,268,000	10,261,466.93	18.66	10,302,407.21	10,468,000	10,463,229.39	20.13	10,506,169.71
Total Domestic Bonds	$22,944,250	$22,975,399.75	41.78%	$22,957,262.74	$21,642,250	$21,629,711.77	41.62%	$21,774,909.08
Railroad Preferred & Gtd. Stocks	23,517	$ 2,004,037.81	3.65%	$ 1,974,847.87	22,707	$ 1,918,874.16	3.69%	$ 1,907,916.00
Public Utility Preferred Stocks	107,886	6,467,957.98	11.76	5,974,843.00	107,226	6,397,859.79	12.31	5,952,029.63
Industrial Preferred Stocks	152,071	13,383,500.90*	24.34	11,005,360.25	133,766	12,186,383.69	23.45	9,936,055.75
Total Domestic Preferred Stocks	283,474	$21,855,496.69	39.75%	$18,955,051.12	263,699	$20,503,117.64	39.45%	$17,796,001.38
Common Stocks	30,000	298,218.43	.54	353,052.38	30,000	298,218.43	.57	356,880.40
Total Domestic Securities		$45,129,114.87	82.07%	$42,265,366.24		$42,431,047.84	81.64%	$39,927,790.86
CANADIAN SECURITIES								
Dominion Government Bonds	$ 980,000	$ 988,993.94	1.80%	$ 1,006,750.00	$ 980,000	$ 988,935.53	1.90%	$ 1,004,627.50
Dominion Provincial Bonds	2,476,000	2,462,807.67	4.48	2,521,308.77	2,351,000	2,337,941.01	4.50	2,394,766.88
Dominion Municipal Bonds	872,359	872,476.99	1.59	881,698.86	872,359	872,496.24	1.68	881,448.86
Corporation Bonds	5,324,500	5,346,474.56	9.72	5,343,458.75	5,158,500	5,180,193.07	9.97	5,177,543.13
Total Canadian Bonds	$ 9,652,859	$ 9,670,753.16	17.59%	$ 9,753,216.38	$ 9,361,859	$ 9,379,565.85	18.05%	$ 9,458,386.37
Corporation Preferred Stocks	4,885	185,697.68	.34	162,966.58	3,905	159,315.81	.31	145,630.53
Total Canadian Securities		$ 9,856,450.84	17.93%	$ 9,916,182.96		$ 9,538,881.66	18.36%	$ 9,604,016.90
GRAND TOTAL		$54,985,565.71	100.00%	$52,181,549.20		$51,969,929.50	100.00%	$49,531,807.76
LESS UNPOSTED AMORTIZATION						318.24		
*LESS RESERVE FOR SECURITIES CARRIED AT MARKET VALUE						281,007.00		
Book Value per Balance Sheet						$51,688,604.26		

By Investment Accounting Department
February 13, 1950

EXHIBIT F 2

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF SECURITY INVESTMENTS

PURCHASES AND SALES

	Month of January, 1950 Book Value	Average Yield
Acquisitions		
Market Securities		
Bonds - U. S. Government	$ -0-	
Bonds - Other	303,000	
Preferred Stocks	-0-	4.703%
Private Placement Securities:		
Bonds	-0-	
Preferred Stocks	-0-	
Total Acquisitions	$ 303,000	4.703%
Sales, Exchanges, Calls and Maturities:		
Market Securities		
Bonds - U. S. Government	$ -0-	
Bonds - Other	1,939,511	3.493%
Preferred Stocks	1,378,761	4.065
Private Placement Securities:		
Bonds	-0-	
Total Sales, Exchanges, Calls and Maturities	$3,318,272	3.731%

[fol. 1600]

SECURITIES IN DEFAULT

Issue	Cost	Market Value	Reserve Carried
Firth Sterling Steel & Carbide Corp. 7% Cum.Pfd.	$346,837.00	$150,205.00	$196,632.00
Twin Coach Co. $1.50 Cum. Conv. Pfd.	121,500.00	37,125.00	84,375.00
TOTAL	$468,337.00	$187,330.00	$281,007.00

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INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

JANUARY 31, 1950

FULLY FUNDED AND CONSTRUCTION LOANS

	F.H.A.	G.I.	Conventional	Total
Construction Loans				
Amount of Loan	$15,404,792	$ 2,893,621	$57,102,291	$ 75,400,704
Remaining to Disbursed	7,389,242	165,905	31,943,089	39,498,236
Net Investment	$ 8,015,550	$ 2,727,716	$25,159,202	$ 35,902,468
Fully Funded Loans	$63,860,296	$37,814,439	$72,842,989	$174,517,724
Total	$71,875,846	$40,542,155	$98,002,191	$210,420,192
Less: Discount on Canadian Mortgages			1,229,872	1,229,872
Investment per Balance Sheet	$71,875,846	$40,542,155	$96,772,319	$209,190,320

[fol. 1601]

FAYETTE STATUS

	F.H.A.	G.I.	Conventional	Total
Current	$67,572,388	$38,197,303	$95,326,951	$201,096,642
Delinquent 31 to 180 Days	$ 3,975,677	$ 1,208,311	$ 2,424,230	$ 8,608,218
Delinquent 181 Days or More	23,297	29,084	45,265	97,646
Foreclosed or Foreclosing	304,484	107,457	205,745	617,686
Total	$ 4,303,458	$ 1,344,852	$ 2,675,240	$ 9,323,550
Less: Discount on Canadian Mortgages			1,229,872	1,229,872
Investment per Balance Sheet	$71,875,846	$40,542,155	$96,772,319	$209,190,320

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[fol. 1602]

EXHIBIT G-2

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

	F.H.A.		G.I.		Conventional		Total	
	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest
Balance January 1950	$4,537,851	4.455%	$5,304,727	4.000%	$ 7,575,416	5.576%	$17,417,994	4.804%
Sales and Payoffs								
January 1950								
Sales to Subsidiaries	$1,621,001	4.394%	$ 2,057	4.000%	$ 1,788,812	4.500%	$ 3,411,870	4.450%
Sales to Non-affiliates	2,683,381	4.155	4,125,083	4.000	684,650	4.000	7,493,114	4.055
Pay-Offs	319,300	4.499	67,537	4.000	2,613,279	5.504	3,000,116	5.363
Refinances:								
Existing Construction	25,682	4.500	1,959	4.000	24,876	5.163	52,517	4.795
New Construction	574,178	4.489			1,735,460	5.970	2,309,638	5.602
V.A. Claims			1,913	4.000			1,913	4.000
Total	$5,223,542	4.283	$4,198,549	4.000%	$6,847,077	5.208%	$16,269,168	4.601%
Commitments								
Outstanding at December 31, 1949	$9,020,415	4.339%	$3,079,341	4.000%	$15,542,980	5.277%	$27,642,736	4.706%
New Commitments made	3,041,080		2,313,259		3,893,609		9,247,948	
Loans Set Up	(4,684,485)		(2,885,163)		(4,304,746)		(11,894,395)	
Commitments cancelled etc.	(39,670)		236,857		(1,206,789)		(1,009,602)	
Outstanding at January 31, 1950	$7,337,339	4.385%	$2,804,294	4.000%	$13,045,054	5.413%	$23,986,687	4.758%
Undisbursed Loans								
Amount remaining to be funded on loans set up but not fully disbursed January 31, 1950	$7,389,242	4.230%	$ 163,905	4.000%	$31,943,089	5.878%	$39,498,235	5.562%

INVESTORS DIVERSIFIED SERVICES, INC. CERTIFICATES IN FORCE
ONE MONTH ENDING JANUARY 31, 1950
[illegible] CERT[illegible]

	50,000		[illegible],000		B		C		
	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount
In Force at Beg. of Year	$357,000		$1,749,000		$6,160,000		$54,114,450		$505,000		$40,031,2
Net Cancellations											
Balance	$357,000	100.00	$1,749,000	100.00	$6,160,000	100.00	$54,114,450	100.00	$505,000	100.00	$40,031,2
Exits:											
Maturities To O.S.											
Maturities	$ 3,500	.98	$ 45,500	2.65	$ 89,500	1.45	$ 2,390,700	4.42	$		
Surrenders			1,000	.06	9,000	.14	100,100	.18	9,000	1.49	$ 151,3
Death & Disability					1,000	.02					3,7
*Suspended	1,000										5,X
Less Reinstatements											
Net	1,000	.28									5,X
Paid Up					1,000	.02	20,800	.04			
Suspended Accts. with Res.					1,000	.02	11,700	.02			8,1
Optional Settlements											
Reductions & Divi-ions											
Total Net Exits	$ 4,500	1.26	$ 46,500	2.71	$ 101,500	1.65	$ 2,523,300	4.66	$ 33,500	5.54	$ 168,5
Balance in Force	$352,500	98.74	$1,672,500	97.29	$6,058,500	98.35	$51,591,150	95.34	$571,500	94.46	$39,862,0
Number of Accounts	206		960		3,812		19,625		389		15,8

	Total This Year		Total Last Year	
	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$440,596,200		$476,113,800	
Net Cancellations	10,000		2,500	
Balance	$440,586,200	100.00	$476,111,300	100.00
Exits:				
Maturities to O.S.				
Maturities	$ 2,553,700	.58	$ 890,000	.19
Surrenders	1,417,350	.32	1,237,450	.26
Death & Disability	27,500	.01	37,500	.01
*Suspended	72,500		44,450	
Less Reinstatements	(69,500)		(80,500)	
Net	3,000		(36,050)	(.01)
Paid Up	84,300	.02	16,250	.01
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Cou
In Force at Beginning of Year	$42
Transferred to	
Transferred from Suspended	
Interest Credits	
Total	$42
Exits:	
To Paid Up	
Maturities	
Surrenders	2,
O. S. Payment	
Recovered to Installments	
Transferred to Paid Up	
Converted to Optional Settlement	
Cancellations	
Total Exits	$

[fol. 1603]

NO. CERTIFICATES IN FORCE
MAY 31, 1950

EXHIBIT H

	C		D		E		G	
			Face Amount	%	Face Amount	%	Face Amount	%
		$605,000	$40,021,250		$227,753,250		$109,856,250	
					10,000			
100.00	$605,000	100.00	$40,031,250	100.00	$227,743,250	100.00	$109,856,250	100.00
4.42	$							
.18	9,000	1.49	$ 151,250	.38	$ 693,500	.31	$ 453,500	.41
			3,750	.01	8,750		14,000	.01
			5,000		25,000		41,500	
					(5,250)		(60,250)	
			5,000	.01	15,750	.01	(18,750)	(.02)
.04					30,000	.01	32,500	.03
.02			8,750	.02	82,750	.04	60,500	.05
					6,250		16,250	.02
4.66	$ 33,500	5.54	$ 168,750	.42	$ [illegible]	.37	$ 558,000	.51
95.34	$571,500	94.46	$39,862,500	99.58	$226,905,250	99.63	$109,298,250	99.49
	389		15,232		74,641		41,736	

MISCELLANEOUS CERTIFICATES

	Coupons	Paid Up	Optional Settlement	Suspended Accounts With Reserve
xes at Beginning of Year	$424,100	$5,884,202	$3,637,042	$284,18
nsferred to		50,191	17,573	31,46
nsferred from Suspended		2,099		
ceront Credits			6,027	
otal	$424,100	$5,936,492	$3,660,642	$315,647
s:				
Paid Up				
turities		15,910	38,234	
rrenders	1,000	22,280	7,772	10,4
S. Payment				
nverted to Installments				1,3
nsferred to Paid Up				1,43
nverted to Optional Settlement				
ncellations		287		
otal Exits	$ 1,000	$ 38,477	$ 46,006	$ 13,16

[illegible]	[illegible]	.32	[illegible]	.20
Death & Disability	27,500	.01	37,500	.01
*Suspended	72,500		44,450	
Less Reinstatements	(69,500)		(80,500)	
Net	3,000		(36,050)	(.01)
Paid Up	84,300	.02	16,250	.01
Suspended Accts. with Res.	165,700	.03	107,250	.02
Optional Settlements	22,500	.01	112,500	.02
Reductions & Divisions			(1,500)	
Total Net Exits	$ 4,274,050	.97	$ 2,363,400	.50
Balance in Force	$436,312,150	99.03	$473,747,900	99.50
Number of Accounts	156,851		171,045	

S. Payment				
:coverted to Installments				1,3
:ansferred to Paid Up				1,43
nverted to Optional Settlement				
ncellations		287		
Total Exits	$ 1,000	$ 38,477	$ 46,006	$ 13,16
Balance in Force	$423,100	$5,898,015	$3,614,636	$302,484
ber of Accounts	575	12,119	3,82	764

1603

nstatement

U. S. Payment				
Recoverted to Installments				1,3
Transferred to Paid Up				1,4
Converted to Optional Settlement				
Cancellations		287		
Total Exits	$ 1,000	$ 38,477	$ 46,006	$ 13,1
Balance in Force	$423,100	$5,898,015	$3,614,636	$302,4
Number of Accounts	575	12,119	3,81	76

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ubject to Reinstatement

PLEASE RETURN TO
GENERAL ACCTG. DEPT.
REPORT FILE

INVESTORS DIVERSIFIED SERVICES, INC.

SUMMARY OF OPERATIONS
TWO MONTHS ENDING FEBRUARY 28, 1950

Exhibit A - Summary of Balance Sheet

Exhibit B - Summary of Statement of Net Income and Earned Surplus

Exhibit C - Net Income from Investments, Management, Mortgage Operations, and Certificate Servicing

Exhibit D - Net Income from Underwriting Fees
Sales of Subsidiary and Affiliated Companies
Number of Representatives

Exhibit E - Net Income of Subsidiary Companies
Assets of Parent, Subsidiary and Affiliated Companies
Number of Permanent Employees

Exhibit F - Analysis of Security Investments

1. Summary of Investment Securities Owned
2. Analysis of Purchases and Sales, and Securities in Default.

Exhibit G - Analysis of Mortgage Investments

1. Fully Funded and Construction Loans, and Payment Status
2. Fundings, Sales and Payoffs, Commitments Outstanding, and Undisbursed Loans

Exhibit H - Certificates in Force

General Accounting Department
April 12, 1950

[fol. 1604]
IN THE UNITED STATES DISTRICT COURT
PLAINTIFF'S EXHIBIT No. 241

EXHIBIT A

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF BALANCE SHEET

	February 28, 1950 Amount	%	December 31, 1949 Amount	%	Increase or Decrease
ASSETS					
Cash	$ 3,128,002	1.07	$ 4,661,179	1.68	$ 266,843
Investment in Securities					
U.S. Governments	$ 6,935,213	2.41	$ 6,949,053	2.40	$ 6,350
Other Bonds	21,002,709	7.28	24,717,163	8.54	(2,634,454)
Preferred Stocks	21,833,823	7.58	22,021,695	7.61	(1,763,100)
Common Stocks	228,218	.10	228,218	.10	-0-
Total Securities	$ 49,999,728	17.38	$ 53,986,940	18.65	($4,396,212)
Less: Reserve for Investments	282,251	.10	295,144	.10	(12,893)
Net Investment in Securities	$ 49,303,477	17.28	$ 53,691,796	18.55	($4,383,319)
Mortgages:					
F.H.A. Insured First Mortgages	$ 70,810,315	24.54	$ 72,799,364	25.15	($1,989,049)
G.I. Loans	40,465,584	14.01	39,235,473	13.56	1,230,111
Other First Mortgages	100,187,621	34.67	96,777,375	33.43	3,410,246
Total Mortgages	$211,463,520	73.22	$208,812,212	72.14	$2,651,308
Certificate Loans	$ 11,451,242	3.97	$ 11,427,647	3.95	$ 23,595
Real Estate	$ 338,926	.12	$ 332,926	.12	$ 6,000
Accrued Interest and Dividends Receivable	$ 1,522,293	.53	$ 1,511,379	.52	$ 10,914
Total Cash & Invested Assets	$277,779,460	96.19	$280,653,539	96.96	($1,107,237)
Stocks in Subsidiary Companies	5,220,963	1.80	5,284,959	1.83	(76,356)
Receivables from Subsidiary Companies	1,374,408	.48	1,825,098	.63	(450,690)
Other Assets	2,674,697	.93	1,694,997	.58	979,700
Total Assets	$288,723,960	100.00	$289,458,593	100.00	$ (734,633)
LIABILITIES AND RESERVES					
Certificate Reserves:					
Installment Certificates	$273,618,146	94.78	$275,026,117	95.01	($1,407,972)
Fully Paid Certificates	8,992,583	3.10	8,983,379	3.09	10,204
Total Certificate Reserves	$282,610,729	97.88	$283,990,496	98.10	($1,397,768)
Other Liabilities & Deferred Income	3,009,044	1.04	2,603,390	.90	105,654
Total Liabilities & Reserves	$285,619,773	98.92	$286,593,886	99.00	$ (974,113)
CAPITAL STOCK AND SURPLUS					
Capital Stock:					
Common $1.00 Par Value	$ 574,541	.20	$ 574,541	.20	$ -0-
Common, Class A, $1.00 Par Value	879,182	.31	879,182	.30	-0-
Reserve for Contingencies	1,650,000	.57	1,442,934	.50	208,480
Earned Surplus	Nil		Nil		-0-
Total Capital Stock & Surplus	$ 3,104,187	1.08	$ 2,896,707	1.00	$ 208,480
Total Liabilities & Capital	$288,723,960	100.00	$289,458,593	100.00	$ (734,633)

[fol. 1605]

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EXHIBIT B

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF STATEMENTS OF NET INCOME AND EARNED SURPLUS

	Month of February			Two Months Ending February 28,			
	Projected	Actual		Projected	Actual		
	1950	1950	1949	1950	1950	1949	Difference
NET INCOME FROM OPERATIONS							
Investments, Management, Mortgage Operations and Certificate Servicing (Exhibit C)	$329,962	$414,015	($97,436)	$497,410	$409,024	$522,347	$ 941,341
Underwriting Fees (Exhibit D)	74,373	137,933	92,654	143,328	248,663	201,487	47,176
Net Income from Operations	$404,335	$552,148	($50,782)	$640,738	$657,687	$330,860	$ 988,517
Income Charges - net (Note 1)	-0-	7,282	19	-0-	(932)	71	(1,003)
Net Income before Profit or Loss on Sale of Investments and Provision for Income Tax	$404,335	$544,866	($50,801)	$640,738	$658,619	$330,931	$ 989,520
Share of Subsidiaries Earnings from Operations less Dividends Received	145,463	107,563	84,935	288,427	220,311	102,238	118,073
Net Income & Share of Subsidiaries Earnings before Profit or Loss on Sale of Investments & Provision for Income Taxes	$549,798	$652,429	($115,866)	$929,165	$878,930	$220,663	$1,107,593
Profit on Sale of Investments:							
Investors Diversified Services (Net)		7,444	36		(179,530)	36	(179,566)
Share of Subsidiaries Profits (Net)		(8,317)	1,394		(223,977)	1,376	(225,353)
Net Income and Share of Subsidiaries Earnings before Provision for Income Taxes		$656,556	($112,436)		$475,423	$227,251	$ 702,674
Provision for Income Taxes:							
Investors Diversified Services		(166,628)	-0-		(197,745)	-0-	(197,745)
Share of Subsidiaries provision		(69,568)	(390)		(69,385)	(6,660)	(62,685)
NET INCOME AND SHARE OF SUBSIDIARIES NET INCOME		$425,365	($113,006)		$208,333	$233,911	$ 442,244
Surplus Adjustments		(1,047)	110		148	(3,369)	3,517
Appro. to Reserve for Contingencies		(424,318)	112,896		(208,481)	237,280	(445,761)
Increase in Surplus		$ Nil	$ Nil		$ Nil	$ Nil	$ Nil

Note 1. Includes provision for Canadian exchange and miscellaneous items.

Net Income of I.D.S. before Profit or Loss on Sale of Investments & Provision for Income Taxes	$544,856	($158,781)		$658,619	$330,931	$ 989,520
Profit on Sale of Investments	7,444	36		(179,530)	36	(179,566)
Provision for Income Taxes	(166,628)	-0-		(197,745)	-0-	(197,745)

[fol. 1607]

EXHIBIT C

INVESTORS DIVERSIFIED SERVICES, INC.

NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICES

	Month of February			Two Months Ending February 28,			
	Projected	Actual		Projected	Actual		
	1950	1950	1949	1950	1950	1949	Difference
INVESTMENT INCOME	$1,008,683	$1,013,977	$ 912,548	$2,017,697	$2,063,137	$1,826,617	$ 236,520
LESS COST OF CERTIFICATE MONEY	1,094,929	1,101,158	1,067,957	2,293,591	2,358,763	2,298,220	60,543
Difference	$ (86,246)	$ (87,181)	$ (155,409)	$ (275,894)	$ (295,626)	$ (471,603)	$ 175,977
Less Direct Investment Expense	-0-	(6)	319	-0-	(996)	267	(1,263)
Remainder	$ (86,246)	$ (87,175)	$ (155,728)	$ (275,894)	$ (294,630)	$ (471,870)	$ 177,240
DIVIDENDS ON STOCK OF SUBSIDIARY COMPANIES	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
CORPORATION FINANCING FEES	$ 1,667	$ -0-	$ 15,000	$ 3,334	$ -0-	$ 45,000	$ (45,000)
MANAGEMENT INCOME							
Inv. Syndicate of America	$ 10,200	$ 8,115	$ 9,528	$ 19,900	$ 17,979	$ 18,706	$ (727)
Investors Syndicate of Canada	5,000	5,455	3,700	10,000	10,740	7,393	3,347
I. S. T. & G. Co.	1,250	1,250	1,250	2,500	2,500	2,500	-0-
Funds	85,442	82,428	54,696	170,884	166,984	116,740	50,244
Total	$ 101,892	$ 97,248	$ 69,174	$ 203,284	$ 198,203	$ 145,339	$ 52,864
NET INCOME FROM MORTGAGE OPERATIONS							
Non-Affiliated Companies:							
Premiums on Mortgages Sold	$ 33,333	$ 21,280	$ 15,299	$ 66,666	$ 32,154	$ 25,668	$ 6,486
Const. Loan Fees Earned	433,333	365,941	62,816	866,666	872,562	127,662	744,900
Inc. Commissions & Other Fees	66,783	81,027	28,390	133,566	155,436	63,440	91,996
Affiliated Companies:							
Mortgage Service Fees							
Inv. Syndicate of America	41,000	42,313	31,567	80,000	80,425	63,192	17,233
I. S. T. & G. Co.	8,333	8,091	8,017	16,666	15,891	15,952	(61)
New Loan Fees							
Inv. Syndicate of America	48,292	61,091	(48,777)	96,584	104,472	(45,695)	150,167
I. S. T. & G. Co.	5,000	3,500	1,768	10,000	9,292	5,730	3,562
Total Income	$ 635,074	$ 773,243	$ 99,080	$1,270,148	$1,270,232	$ 255,949	$1,014,283
Less Loan Agency Expenses:							
Commissions & Premiums Paid	$ 15,657	$ 21,936	$ 17,406	$ 33,334	$ 38,133	$ 20,479	$ 17,654
FHMA Commitment Fees	29,167	62,061	15,901	58,334	167,856	25,738	142,118
Servicing Contract Canc. Fees	15,667	20,435	-0-	33,334	20,435	-0-	20,435
Other Loan Agency Expense	130,750	101,983	101,085	257,500	244,041	194,742	49,299
Total Loan Agency Expense	$ 191,241	$ 206,416	$ 134,392	$ 382,502	$ 470,465	$ 240,959	$ 229,506
Net Income	$ 443,833	$ 566,825	$ (35,312)	$ 887,646	$ 799,767	$ 14,990	$ 784,777
CERTIFICATE SERVICING INCOME							
Collection Revenue	$ 45,058	$ 42,657	$ 48,810	$ 92,716	$ 88,135	$ 99,989	$ (11,854)
Subsequent Years Loading	760	1,222	1,698	1,550	2,051	3,008	(957)
Cert. Collection Fees from IBA	9,000	9,958	8,279	17,900	19,063	16,179	2,884
Reserve Recoveries - Surrenders	15,033	16,101	13,104	30,066	32,618	26,554	6,064
Miscellaneous	-0-	3,500	2,036	-0-	6,397	3,647	2,750
Total Income	$ 70,851	$ 73,440	$ 73,927	$ 142,232	$ 148,264	$ 149,377	$ (1,113)
Less Direct Cert. Ser. Costs							

Increase in Surplus	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil

Note 1. Includes provision for Canadian exchange and miscellaneous items.

Net Income of I.D.S. before Profit or loss on Sale of Investments & Provision for Income Taxes	$544,856	($158,781)	$658,619	($330,901)	$ 989,520
Profit on Sale of Investments	7,444	36	(179,939)	36	(179,566)
Provision for Income Taxes	(166,628)	-0-	(197,796)	-0-	(197,745)
Net Income of Investors Diversified Services	$385,682	($158,745)	$281,344	($330,865)	$ 612,209

[fol. 1608]

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME FROM UNDERWRITING FEES

	Month of February			Two Months Ended February 28,			
	Projected 1950	Actual 1950	Actual 1949	Projected 1950	Actual 1950	Actual 1949	Difference
Underwriting Income							
From I.S. of A., Inc.	$369,567	$372,463	$346,525	$ 693,634	$ 699,911	$ 686,915	$ 12,996
From Funds	197,495	324,303	190,606	433,076	640,770	417,970	222,800
Total Income	$567,062	$696,766	$537,131	$1,126,710	$1,340,681	$1,104,885	$235,796
Underwriting Commissions Paid:							
I.S. of A., Inc.	$229,129	$230,642	$215,763	$ 430,048	$ 435,748	$ 427,641	$ 8,107
Funds	124,210	202,127	118,153	274,334	399,098	260,746	138,352
Other Direct Underwriting Expense	70,667	85,458	66,702	157,334	163,193	123,739	39,454
Gen. and Adm. Expenses - Prop.	69,468	49,606	43,859	121,666	93,979	91,272	2,707
Total Expense	$492,689	$558,833	$444,477	$ 983,382	$1,092,018	$ 903,398	$188,620
Net Income	$ 74,373	$137,933	$ 92,654	$ 143,328	$ 248,663	$ 201,487	$ 47,176

SALES OF SUBSIDIARY AND AFFILIATED COMPANIES

	Month of February		Two Months Ended February 28,		Increase or
	1950	1949	1950	1949	Decrease
Investors Syndicate of America, Inc.*	$12,456,243	$10,794,698	$20,482,115	$19,413,488	$1,428,627
Investors Mutual, Inc.	3,975,795	2,393,434	8,644,315	5,957,294	2,687,021
Investors Stock Fund, Inc.	352,745	200,314	767,395	539,208	228,187
Investors Selective Fund, Inc.	245,572	-0-	464,005	-0-	464,005
Total Sales by Underwriting Company	$17,030,355	$13,493,446	$30,717,830	$25,909,990	$4,807,840
Investors Syndicate of Canada, Ltd. *	$ 3,404,200	$ 2,660,300	$ 5,567,900	$ 4,330,600	$1,237,300
Investors Syndicate Title & Guar. Co.*	900,001	1,035,000	1,770,118	1,946,500	(176,382)
Total Other Sales	$ 4,304,201	$ 3,695,300	$ 7,338,018	$ 6,277,100	$1,060,918
Total Sales	$21,334,556	$17,189,746	$38,055,848	$32,187,090	$5,868,758

*Maturity Amount of Installment Certificates

NUMBER OF REPRESENTATIVES

Month of February		Two Months Ended February 28,		Increase or
1950	1949	1950	1949	Decrease

EXHIBIT E

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME OF SUBSIDIARY COMPANIES

	Month of February		Two Months Ended February 28		Increase or
	1950	1949	1950	1949	Decrease
Investors Syndicate of America, Inc.	$16,84[illegible]	$23,687	($132,933)	$44,695	($18[illegible],618)
Investors Syndicate of Canada, Ltd.	21,91[illegible]	10,000	30,227	22,127	8,100
Investors Syndicate Title & Guar. Co.	([illegible])	11,[illegible]6	34,352	30,196	4,156
Miscellaneous Subsidiaries	1,[illegible]3	906	3,424	906	2,518
Total	$39,6[illegible]	$46,109	($ 71,920)	$97,924	($169,[illegible]4)
Less: Minority Interest	([illegible])	370	1,091	970	121
Parent Company Portion	$39,68[illegible]	$45,739	($ 73,011)	$96,954	($169,965)

ASSETS OF PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

	Feb. 28, 1950	Dec. 31, 1949	Increase or Decrease
Investors Syndicate of America, Inc.	$133,558,890	$129,202,370	$ 4,350,520
Investors Syndicate of Canada, Ltd. *	31,058,490	29,854,961	1,203,529
Investors Syndicate Title & Guar. Co.	30,661,540	30,442,638	218,902
Miscellaneous Subsidiaries *	1,304,699	1,339,710	(35,011)
Total Assets of Subsidiaries	$196,577,619	$190,839,679	$ 5,737,940
Investors Mutual, Inc.	$186,992,921	$177,159,150	$ 9,833,771
Investors Stock Fund, Inc.	13,912,780	13,360,069	552,711
Investors Selective Fund, Inc.	2,112,099	1,663,590	448,509
Total Assets of Affiliates	$203,017,800	$192,182,809	$10,834,991
Investors Diversified Services, Inc. *	$283,723,960	$282,458,523	$ (734,633)
Total Assets of All Companies	$683,319,379	$672,481,081	$15,638,298

*Canadian Assets have been discounted at 10%

NUMBER OF PERMANENT EMPLOYEES

	Feb. 28, 1950	Dec. 31, 1949	Increase or Decrease
Home Office	813	824	(11)
Loan Agency	253	240	13
TOTAL	1,066	1,064	2

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[fol. 1609]

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Exhibit F-1

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF INVESTMENT SECURITIES OWNED
AT DECEMBER 31, 1949 AND FEBRUARY 28, 1950

	.....DECEMBER 31, 1949.....				.....FEBRUARY 28, 1950.....			
DOMESTIC SECURITIES	PAR OR SHARES	BOOK VALUE		MARKET VALUE	PAR OR SHARES	BOOK VALUE		MARKET VALUE
U. S. Government Bonds	$ 6,897,250	$ 6,949,862.65	12.64%	$ 7,179,213.53	$ 6,903,600	$ 6,956,212.65	13.77%	$ 7,110,760.32
Municipal Bonds	57,000	87,186.95	.16	86,184.50	57,000	87,098.49	.17	85,495.10
Railroad Bonds	3,806,000	3,691,021.41	6.71	3,399,020.00	2,733,000	2,602,382.01	5.15	2,513,193.75
Public Utility Bonds	1,916,000	1,985,861.81	3.61	1,990,437.50	695,000	726,533.28	1.44	730,672.50
Industrial Bonds	10,268,000	10,261,466.93	18.66	10,302,407.21	10,430,000	10,425,217.23	20.62	10,475,557.21
Total Domestic Bonds	$22,944,250	$22,975,399.75	41.78%	$22,957,262.74	$20,818,600	$20,797,443.66	41.15%	$20,915,678.88
Railroad Preferred & Gtd. Stocks	23,517	$ 2,004,037.81	3.65%	$ 1,974,847.87	22,707	$ 1,918,874.16	3.80%	$ 1,911,748.00
Public Utility Preferred Stocks	107,886	6,467,957.98	11.76	5,974,843.00	105,726	6,354,620.50	12.58	5,969,763.50
Industrial Preferred Stocks	152,071	13,383,500.90	24.34	11,005,360.25	130,677	11,863,511.64*	23.47	9,680,976.25
Total Domestic Preferred Stocks	$ 283,474	$21,855,496.69	39.75%	$18,955,051.12	$ 259,110	$20,137,006.30	39.85%	$17,562,487.75
Common Stocks	30,000	298,218.43	.54	353,052.38	30,000	298,218.43	.59	360,469.93
Total Domestic Securities		$45,129,114.87	82.07%	$42,265,366.24		$41,232,668.39	81.59%	$38,838,636.56
CANADIAN SECURITIES								
Dominion Government Bonds	$ 980,000	$ 988,993.94	1.80%	$ 1,006,750.00	$ 980,000	$ 988,935.53	1.96%	$ 1,005,767.50
Dominion Provincial Bonds	2,476,000	2,462,807.67	4.48	2,521,308.77	2,301,000	2,288,068.80	4.53	2,349,212.50
Dominion Municipal Bonds	872,359	872,476.99	1.59	881,698.86	872,359	872,530.70	1.73	881,753.86
Corporation Bonds	5,324,500	5,346,474.56	9.72	5,343,458.75	4,998,500	5,018,555.21	9.93	5,023,741.88
Total Canadian Bonds	$ 9,652,859	$ 9,670,753.16	17.59%	$ 9,753,216.38	$ 9,151,859	$ 9,168,090.24	18.15%	$ 9,260,475.74
Corporation Preferred Stocks	4,885	185,697.68	.34	162,966.58	3,310	130,258.62	.26	114,936.57
Total Canadian Securities		$ 9,856,450.84	17.93%	$ 9,916,182.96		$ 9,298,348.86	18.41%	$ 9,375,412.31
GRAND TOTAL		$54,985,565.71	100.00%	$52,181,549.20		$50,531,017.25	100.00%	$48,214,048.87
Less: Unposted Amortization						265.25		
*Reserve for Securities Carried at Market Value						282,250.75		
Canadian Exchange Adjustment						940,024.63		
BOOK VALUE PER BALANCE SHEET						$49,308,476.62		

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By Investment Accounting Department
March 7, 1950

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF SECURITY INVESTMENTS

PURCHASES AND SALES

	Month of February, 1950		Two Months Ending February 28, 1950	
	Book Value	Average Yield	Book Value	Average Yield
Acquisitions				
Market Securities				
Bonds - U. S. Government	$ 6,350	2.500%	$ 6,350	2.500%
Bonds - Other	-0-		303,000	4.703
Preferred Stocks	-0-		-0-	
Private Placement Securities:				
Bonds	-0-		-0-	
Preferred Stocks	-0-		-0-	
Total Acquisitions	$ 6,350	2.500%	$ 309,350	4.658%
Sales, Exchanges, Calls and Maturities:				
Market Securities				
Bonds - U. S. Government	$ -0-		$ -0-	
Bonds - Other	311,462	2.970%	2,250,992	3.421%
Preferred Stocks	395,168	3.905	1,773,929	4.029
Private Placement Securities:				
Bonds	738,000	4.737	738,000	4.737
Total Sales, Exchanges, Calls and Maturities	$1,444,630	4.128%	$4,762,921	3.851%

[fol. 1611]

SECURITIES IN DEFAULT

Issue	Cost	Market Value	Reserve Carried
Firth Sterling Steel & Carbide Corp. 7% Cum. Pfd.	$346,837.00	$150,205.00	$196,632.00
Twin Coach Co. $1.50 Cum. Conv. Pfd.	119,700.00	34,081.25	85,618.75
TOTAL	$466,537.00	$184,286.25	$282,250.75

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reserve Recoveries - Surrenders	15,035	16,101	13,104	30,066	32,618	26,554	6,064
Miscellaneous	-0-	3,500	2,036	-0-	6,397	3,547	2,750
Total Income	$ 70,051	$ 73,410	$ 73,927	$ 142,232	$ 148,264	$ 149,377	$ (1,113)
Less Direct Cert.Ser. Costs	30,167	31,782	33,360	60,334	59,712	66,046	(6,334)
Net Income	$ 39,884	$ 41,662	$ 40,567	$ 81,898	$ 88,552	$ 83,331	$ 5,221
GENERAL AND ADMINISTRATIVE EXPENSES - PROMOTION	$ (208,846)	$ (194,345)	$ (185,117)	$ (402,858)	$ (382,868)	$ (349,107)	$ (33,761)
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING	$ 390,062	$ 418,215	$ (251,416)	$ 497,410	$ 409,024	$ 532,317	$ 941,381

NUMBER OF REPRESENTATIVES

	Month of February		Two Months Ended February 28,		Increase or Decrease
	1950	1949	1950	1949	
Beginning of Period	1,738	1,627	1,791	1,741	50
Added	96	87	148	142	6
Left	54	64	159	233	(74)
End of Period	1,780	1,650	1,780	1,650	130

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

FEBRUARY 28, 1950

FULLY FUNDED AND CONSTRUCTION LOANS

	F.H.A.	C.J.	Conventional	Total
Construction Loans				
Amount of Loan	$14,747,127	$ 2,472,354	$ 70,582,170	$ 87,802,651
Remaining to be Disbursed	6,914,709	155,742	42,982,685	50,053,136
Net Investment	$ 7,832,618	$ 2,316,612	$ 27,600,285	$ 37,749,515
Fully Funded Loans	63,007,697	38,148,972	74,056,379	175,213,048
Total	$70,840,315	$40,465,584	$101,656,664	$212,962,563
Less: Discount on Canadian Mortgages			1,269,043	1,269,043
Investment per Balance Sheet	$70,840,315	$40,465,584	$100,387,621	$211,693,520

PAYMENT STATUS

	F.H.A.	C.J.	Conventional	Total
Current	$66,800,988	$37,694,801	$ 97,923,842	$202,419,631
Delinquent 31 to 180 Days	$ 3,595,260	$ 2,649,287	$ 3,173,846	$ 9,418,393
Delinquent 181 Days or More	216,500	15,859	365,922	598,281
Foreclosed or Foreclosing	227,567	105,637	193,054	526,258
	$ 4,039,327	$ 2,770,783	$ 3,732,822	$ 10,542,932
Less: Discount on Canadian Mortgages			$ 1,269,043	$ 1,269,043
Investment per Balance Sheet	$70,840,315	$40,465,584	$100,387,621	$211,693,520

[fol. 1612]

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EXHIBIT G-2

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

	F.H.A.		G.I.		Conventional		Total	
	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest
Findings								
February 1950	$ 4,132,354	4.416%	$3,811,984	4.000%	$ 9,796,650	5.738%	$18,040,998	5.046%
Year to Feb. 28, 1950	$ 8,970,215	4.436%	$9,116,711	4.000%	$17,372,066	5.667%	$35,458.992	4.927%
Sales and Payoffs								
February 1950								
Sales to Subsidiaries	$ 2,950,148	4.463%	$ 28,822	4.000%	$ 1,644,821	4.465%	$ 4,623,791	4.448%
Sales to Non-affiliates	1,144,036	4.101	3,644,902	4.000			4,788,938	4.024
Pay-Offs	100,454	4.489	37,656	4.000	1,369,951	5.198	1,808,061	5.012
Transferred to Real Estate	5,944	4.500			4,753	6.000	10,697	5.167
Refinances								
Existing Construction	13,791	4.500			42,955	5.163	56,746	5.001
New Construction	603,191	4.373	4,454	4.000	2,724,428	5.932	3,332,073	5.665
F.H.A. Debentures	6,453	4.000					6,453	4.000
V.A. Claims			9,613	4.000			9,613	4.000
Total	$ 5,124,017	4.374%	$3,725,447	4.000%	$ 5,786,908	5.336%	$14,636,372	4.659
Year to Feb. 28, 1950								
Sales to Subsidiaries	$ 4,571,149	4.426%	$ 30,879	4.000%	$ 3,433,633	4.482%	$ 8,035,661	4.449%
Sales to Non-affiliates	3,827,417	4.139	7,769,985	4.000	684,650	4.000	12,282,052	4.043
Pay-Offs	719,754	4.493	105,193	4.000	3,983,230	5.398	4,808,177	5.238
Transferred to Real Estate	5,944	4.500			4,753	6.000	10,697	5.167
Refinances								
Existing Construction	39,473	4.500	1,959	4.000	67,831	5.163	109,263	4.902
New Construction	1,177,369	4.481	4,454	4.000	4,459,888	5.947	5,641,711	5.639
F.H.A. Debentures	6,453	4.000					6,453	4.000
V.A. Claims			11,526	4.000			11,526	4.000
Total	$10,357,559	4.331%	$7,923,996	4.000%	$12,633,985	5.266%	$30,905,540	4.629%
Commitments								
Outstanding at December 31, 1949	$ 9,030,415	4.339%	$3,079,341	4.000%	$15,542,980	5.904%	$27,642,736	4.706%
New Commitments made	4,556,180		4,083,058		29,576,290		38,225,528	
Loans Set Up	(6,615,973)		(4,600,985)		(24,868,008)		(36,084,954)	
Commitments cancelled etc.	(219,520)		217,909		(2,800,689)		(2,802 300)	
Outstanding at February 28, 1950	$ 6,751,104	4.372%	$2,779,323	4.000%	$17,450,573	5.681%	$26,981,000	4.970%

INVESTORS DIVERSIFIED SERVICES, INC., CERTIFICATES IN FORCE
TWO MONTHS ENDING FEBRUARY 28, 1950
INSTALLMENT CERTIFICATES

	50,000		200,000		A		B		C		D		F
	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount
In Force at Beg. of Year	$357,000		$1,719,000		$6,160,000		$54,114,450		$605,000		$40,031,250		$227,753,250
Net Cancellations													10,000
Balance	$357,000	100.00	$1,719,000	100.00	$6,160,000	100.00	$54,114,450	100.00	$605,000	100.00	$40,031,250	100.00	$227,743,250
Exits:													
Maturities to O.S.							15,600	.03					
Maturities	5,500	1.54	67,000	3.90	216,500	3.51	4,667,650	8.63	34,000	5.62	53,750	.13	
Surrenders			1,000	.06	18,000	.29	152,100	.28	9,000	1.49	218,750	.55	1,390,500
Death & Disability					1,000	.02					3,750	.01	18,750
*Suspended	1,000										12,500		41,250
Less Reinstatements													(9,250)
Net	1,000	.28									12,500	.03	32,000
Paid Up					1,000	.02	23,400	.04					50,000
Suspended-Accts. with Res.					4,500	.07	19,500	.03			13,750	.03	148,750
Optional Settlements											2,500	.01	23,750
Reductions & Divisions													
Total Net Exits	$ 6,500	1.82	$ 68,000	3.96	$ 241,000	3.91	4,878,250	9.01	$ 43,000	7.11	$ 305,000	.75	$ 1,633,750
Balance in Force	$350,500	98.18	$1,651,000	96.04	$5,919,000	96.09	$49,236,200	90.99	$562,000	92.89	$39,726,250	99.25	$226,079,500
Number of Accounts	204		946		3,722		18,750		379		15,130		74,583

	Total This Year		Total Last Year	
	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$440,596,200		$476,113,800	
Net Cancellations	12,000		7,500	
Balance	$440,584,200	100.00	$476,106,300	100.00
Exits:				
Maturities to O.S.	15,600			
Maturities	5,044,400	1.15	1,823,400	.38
Surrenders	2,689,350	.61	2,414,700	.51
Death & Disability	79,750	.02	115,000	.02
*Suspended	124,750		131,250	
Less Reinstatements	(132,250)		(184,000)	
Net	(7,500)		(52,750)	(.01)
Paid Up	181,150	.04	98,500	.02
Suspended-Accts. with Res.	298,750	.07	150,850	.03
Optional Settlements	60,250	.01	172,250	.04
Reductions & Divisions			(1,500)	
Total Net Exits	$ 8,361,750	1.90	$ 4,720,450	.99
Balance in Force	$432,222,450	98.10	$471,385,850	99.01

MISCELLANEOUS CERTIFICATES

	Coupons	Paid Up
In Force at Beginning of Year	$424,100	$5,834,202
Transferred to		113,703
Transferred from Suspended		2,099
Interest Credits		
Total	$424,100	$6,000,004
Exits		
To Paid Up		
Maturities		$ 33,609
Surrenders	$ 3,300	34,295
O.S. Payments		
Reconverted to Installments		
Transferred to Paid Up		
Converted to Optional Settlement		
Cancellations		1,654
Total Exits	$ 3,300	$ 69,558

Page Tightly Bound

EXHIBIT H

	D Face Amount	%	F Face Amount	%	G Face Amount	%
	$40,031,250		$227,753,250		$109,856,250	
			10,000		2,000	
00	$40,031,250	100.00	$227,743,250	100.00	$109,854,250	100.00
62	53,750	.13				
49	218,750	.55	1,390,500	.61	900,000	.82
	3,750	.01	18,750	.01	56,250	.05
	12,500		41,250		70,000	
			(9,250)		(123,000)	
	12,500	.03	32,000	.01	(53,000)	(.05)
			50,000	.02	106,750	.10
	13,750	.03	148,750	.07	112,250	.10
	2,500	.01	23,750	.01	34,000	.03
1	$ 305,000	.76	$ 1,663,750	.73	$ 1,156,250	1.05
9	$39,726,250	99.24	$226,079,500	99.27	$108,698,000	98.95
	15,130		74,583		41,575	

MISCELLANEOUS CERTIFICATES

	Consent	Paid Up	Optional Settlement	Suspended Accounts With Reserves
a-	$424,100	$5,834,202	$3,637,042	$284,184
		113,703	54,922	60,993
d		2,099		
			11,029	
	$424,100	$6,000,004	$3,702,993	$345,177
		$ 33,609	$ 73,338	
	$ 3,300	34,295	13,340	$ 18,948
its				3,216
				1,438
ttlement				
		1,654		
	$ 3,300	$ 69,558	$ 86,678	$ 23,602

Outstanding at February 28, 1950	$ 6,[illegible]1,10[illegible]	4.[illegible]72%	$2,779,323	4.000%	$17,450,573	5.681%	$26,981,000	4.970%
Undisbursed Loans								
Amount remaining to be funded on loans set up but not fully disburged February 28, 1950	$ 6,914,709	4.240%	$ 155,742	4.000%	$12,982,685	5.915%	$20,053,136	5.677%

[illegible] & DIVISIONS						
Total Net Exits	$ 8,361,750	1.90	$ 4,720,450	.99		
Balance in Force	$432,222,450	98.10	$471,385,850	99.01		
Number of Accounts	155,349		170,137			

[illegible] to Paid Up			
Converted to Optional Settlement			
Cancellations		1,654	
Total Exits	$ 3,300	$ 39,758	$
Balance in Force	$420,800	$5,910,446	$3,6
Number of Accounts	572	12,039	3

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*Subject to Reinstatement

INVESTORS DIVERSIFIED SERVICES, INC.

SUMMARY OF OPERATIONS
THREE MONTHS ENDING MARCH 31, 1950

Exhibit A - Summary of Balance Sheet

Exhibit B - Summary of Statement of Net Income and Earned Surplus

Exhibit C - Net Income from Investments, Management, Mortgage Operations, and Certificate Servicing

Exhibit D - Net Income from Underwriting Fees
Sales of Subsidiary and Affiliated Companies
Number of Representatives

Exhibit E - Net Income of Subsidiary Companies
Assets of Parent, Subsidiary and Affiliated Companies
Number of Permanent Employees

Exhibit F - Analysis of Security Investments

1. Summary of Investment Securities Owned
2. Analysis of Purchases and Sales, and Securities in Default.

Exhibit G - Analysis of Mortgage Investments

1. Fully Funded and Construction Loans, and Payment Status
2. Fundings, Sales and Payoffs, Commitments Outstanding, and Unfinanced Loans

Exhibit H - Certificates in Force

Exhibit I - Gross Rate of Earnings on Invested Assets and Rate of Expenses on Certificate Liabilities and Reserves

General Accounting Department
April 28, 1950

1615

[fol. 1615]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 242

1092

EXHIBIT A

...ESTORS DIVERSIFIED SERVICES, I...
SUMMARY OF BALANCE SHEET

	March 31, 1950 Amount	%	December 31, 1949 Amount	%	Increase or Decrease
ASSETS					
Cash	$ 10,035,426	3.47	$ 4,861,179	1.68	$5,174,247
Investment in Securities					
U.S. Governments	$ 6,970,863	2.41	$ 6,949,863	2.40	$ 21,000
Other Bonds	22,336,498	7.80	24,717,163	8.54	(2,380,665)
Preferred Stocks	20,091,099	6.95	22,021,696	7.61	(1,930,597)
Common Stocks	298,218	.10	298,218	.10	-0-
Total Securities	$ 49,896,678	17.26	$ 53,986,940	18.65	($4,090,262)
Less: Reserve for Investments	258,470	.09	295,144	.10	(36,674)
Net Investment in Securities	$ 49,638,208	17.17	$ 53,691,796	18.55	($4,053,588)
Mortgages:					
F.H.A. Insured First Mortgages	$ 67,248,811	23.26	$ 72,799,364	25.15	($5,550,553)
G.I. Loans	41,356,095	14.38	39,235,473	13.56	2,320,622
Other First Mortgages	98,096,346	33.94	96,777,375	33.43	1,318,971
Total Mortgages	$206,901,252	71.58	$208,812,212	72.14	($1,910,960)
Certificate Loans	$ 11,545,976	4.00	$ 11,437,647	3.95	$ 108,329
Real Estate	$ 355,350	.12	$ 339,326	.12	$ 16,024
Accrued Interest and Dividends Receivable	$ 1,319,451	.53	$ 1,311,379	.52	$ 8,072
Total Cash & Invested Assets	$279,996,733	95.87	$280,653,539	96.96	$(656,306)
Stocks in Subsidiary Companies	5,285,826	1.83	5,284,959	1.83	867
Receivables from Subsidiary Companies	1,774,068	.61	1,825,098	.63	(51,030)
Other Assets	1,991,898	.69	1,694,997	.58	296,901
Total Assets	$289,048,525	100.00	$289,458,593	100.00	$ (410,068)
LIABILITIES AND RESERVES					
Certificate Reserves:					
Installment Certificates	$273,043,887	94.47	$275,016,117	95.01	($1,972,230)
Fully Paid Certificates	8,965,344	3.10	8,943,379	3.09	21,965
Total Certificate Reserves	$282,009,231	97.57	$283,959,496	98.10	($1,950,265)
Other Liabilities & Deferred Income	3,503,546	1.21	2,602,390	.90	901,156
Total Liabilities & Reserves	$285,512,777	98.78	$286,561,885	99.00	($1,049,109)
CAPITAL STOCK AND SURPLUS					
Capital Stock:					
Common $5.00 Par Value	$ 574,541	.20	$ 574,541	.20	$ -0-
Common, Class A, $5.00 Par Value	879,182	.30	879,182	.30	-0-
Reserve for Contingencies	2,082,025	.72	1,442,984	.50	639,041
Earned Surplus	Nil		Nil		-0-
Total Capital Stock & Surplus	$ 3,535,748	1.22	$ 2,896,707	1.00	639,041
Total Liabilities & Capital	$289,048,525	100.00	$289,458,593	100.00	$ (410,068)

[fol. 1616]

1093

1616

[fol. 1617]

EXHIBIT B

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF STATEMENT OF NET INCOME AND EARNED SURPLUS

	Month of March			Three Months Ending March 31,			
	Projected	Actual		Projected	Actual		
	1950	1950	1949	1950	1950	1949	Difference
NET INCOME FROM OPERATIONS							
Investments, Management, Mortgage Operations and Certificate Servicing (Exhibit C)	$353,672	$309,282	($ 21,666)	$ 851,082	$ 718,306	($553,983)	$1,272,289
Underwriting Fees (Exhibit D)	119,958	133,500	128,574	263,286	382,163	330,061	52,102
Net Income from Operations	$473,630	$442,782	$106,908	$1,114,368	$1,100,469	($223,922)	$1,324,391
Income Charges - net (Note 1)	-0-	4,744	(43)	-0-	3,812	28	3,784
Net Income before Profit or Loss on Sale of Investments and Provision for Income Tax	$473,630	$438,038	$106,951	$1,114,368	$1,096,657	($223,950)	$1,320,607
Share of Subsidiaries Earnings from Operations less Dividends Received.	183,913	158,645	150,601	472,340	378,956	252,839	126,117
Net Income & Share of Subsidiaries Earnings before Profit or Loss on Sale of Investments & Provision for Income Taxes	$657,543	$596,683	$257,552	$1,586,708	$1,475,613	$ 28,889	$1,446,724
Profit on Sale of Investments:							
Investors Diversified Services (Net)		8,367	1,220		(171,163)	1,256	(172,419)
Share of Subsidiaries Profits (Net)		(41,139)	(1,376)		(269,116)	-0-	(269,116)
Net Income and Share of Subsidiaries Earnings before Provision for Income Taxes		$563,911	$257,396		$1,039,334	$ 30,145	$1,009,189
Provision for Income Taxes:							
Investors Diversified Services		(96,531)	-0-		(294,276)	-0-	(294,276)
Share of Subsidiaries provision		(33,318)	(21,870)		(102,663)	(28,530)	(74,133)
NET INCOME AND SHARE OF SUBSIDIARIES NET INCOME		$434,062	$235,526		$ 642,395	$ 1,615	$ 640,780
Surplus Adjustments		(3,502)	457		(3,354)	(2,912)	(442)
Appro. to Reserve for Contingencies		(430,560)	(235,983)		(639,041)	1,297	(640,338)
Increase in Surplus		$ Nil	$ Nil		$ Nil	$ Nil	$ Nil

Note 1. Includes provision for Canadian exchange and miscellaneous items.

Net Income of I.D.S. before Profit or Loss on Sale of Investments & Provision for Income Taxes	$438,038	$106,951	$1,096,657	($223,950)	$1,320,607
Profit on Sale of Investments	8,367	1,220	(171,163)	1,256	(172,419)
Provision for Income Taxes	(96,531)	-0-	(294,276)	-0-	(294,276)
Net Income of Investors Diversified Services	$349,874	$108,171	$ 631,218	($222,694)	$ 853,912

[fol. 1618]

EXHIBIT C

INVESTORS DIVERSIFIED SERVICES, INC.

NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING

	Month of March			Three Months Ending March 31,			
	Projected	Actual		Projected	Actual		
	1950	1950	1949	1950	1950	1949	Difference
INVESTMENT INCOME	$1,068,350	$1,071,786	$ 976,323	$3,086,047	$3,134,923	$2,802,940	$ 331,983
LESS COST OF CERTIFICATE MONEY	1,098,706	1,115,071	1,101,750	3,392,297	3,473,834	3,399,970	73,864
Difference	$ (30,356)	$ (43,285)	$ (125,427)	$ (306,250)	$ (338,911)	$ (597,030)	$ 258,119
Less Direct Investment Expense	-0-	6,543	173	-0-	5,547	440	5,107
Remainder	$ (30,356)	$ (49,828)	$ (125,600)	$ (306,250)	$ (344,458)	$ (597,470)	$ 253,012
DIVIDENDS ON STOCK OF SUBSIDIARY COMPANIES	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
CORPORATE FINANCING FEES	$ 1,666	$ 20,000	$ -0-	$ 5,000	$ 20,000	$ 45,000	$ (25,000)
MANAGEMENT INCOME							
Inv. Syndicate of America	$ 10,300	$ 7,893	$ 10,908	$ 30,200	$ 25,872	$ 29,614	$ (3,742)
Investors Syndicate of Canada	5,000	5,300	3,808	15,000	16,040	11,201	4,839
I. S. T. & C. Co.	1,250	1,250	1,250	3,750	3,750	3,750	-0-
Funds	85,441	90,888	67,299	256,325	257,872	184,039	73,833
Total	$ 101,991	$ 105,331	$ 83,265	$ 305,275	$ 303,534	$ 228,604	$ 74,930
NET INCOME FROM MORTGAGE OPERATIONS							
Non-Affiliated Companies:							
Premiums on Mortgages Sold	$ 33,334	$ 29,700	$ 8,616	$ 100,000	$ 61,854	$ 34,284	$ 27,570
Const. Loan Fees Earned	438,334	403,029	165,280	1,300,000	1,275,591	292,942	982,649
Ins. Commissions & Other Fees	66,784	72,517	52,748	200,350	227,953	116,188	111,765
Affiliated Companies:							
Mortgage Service Fees							
Inv. Syndicate of America	41,900	43,243	29,906	121,900	123,668	93,098	30,570
I. S. T. & C. Co.	8,334	7,997	7,875	25,000	23,888	23,827	61
New Loan Fees:							
Inv. Syndicate of America	48,291	64,701	8,612	144,875	169,173	(37,083)	206,256
I. S. T. & C. Co.	5,000	4,936	5,413	15,000	14,228	11,143	3,085
Total Income	$ 696,977	$ 626,123	$ 278,450	$1,907,125	$1,896,355	$ 534,399	$1,361,936
Less Loan Agency Expenses:							
Commissions & Premiums Paid	$ 16,666	$ 11,286	$ 15,853	$ 50,000	$ 49,419	$ 36,332	$ 13,087
FHA Commitment Fees	29,166	91,071	18,677	87,500	258,927	44,415	214,512
Servicing Contract Canc. Fees	16,666	4,280	4,788	50,000	24,715	4,788	19,927
Other Loan Agency Expense	128,750	145,247	96,154	386,250	389,288	290,896	98,392
Total Loan Agency Expense	$ 191,248	$ 251,884	$ 135,472	$ 573,750	$ 722,349	$ 376,431	$ 345,918
Net Income	$ 445,729	$ 374,239	$ 142,978	$1,333,375	$1,174,006	$ 157,968	$1,016,038
CERTIFICATE SERVICING INCOME							
Collection Revenue	$ 45,459	$ 46,724	$ 52,456	$ 138,175	$ 134,859	$ 152,445	$ (17,586)
Subsequent Years Loading	730	1,484	2,204	2,280	3,535	5,212	(1,677)
Cert Collection Fees from ISA	9,500	11,387	10,148	27,200	30,450	26,327	4,123
Reserve Recoveries - Surrenders	15,034	15,500	16,807	45,100	48,118	43,361	4,757
Miscellaneous	-0-	4,388	2,101	-0-	10,785	5,748	5,037
Total Income	$ 70,523	$ 79,483	$ 83,716	$ 212,755	$ 227,747	$ 233,093	$ (5,346)
Less Direct Cert.Ser.Costs	20,166	30,981	35,095	90,500	90,693	101,141	(10,448)
Net Income	$ 48,357	$ 48,502	$ 48,621	$ 122,253	$ 137,054	$ 131,952	$ 5,102
GENERAL AND ADMINISTRATIVE EXPENSE - ENGLEWOOD	$ (205,715)	$ (188,962)	$ (170,950)	$ (608,573)	$ (571,830)	$ (520,037)	$ (51,793)
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING.	$ 353,672	$ 309,282	$ (21,666)	$ 851,082	$ 718,306	$ (553,983)	$1,272,289

[fol. 1619]

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME FROM UNDERWRITING FEES

	Month of March			Three Months Ended March 31,			
	Projected	Actual		Projected	Actual		
	1950	1950	1949	1950	1950	1949	Difference
Underwriting Income							
From I.S. of A., Inc.	$415,466	$423,256	$416,007	$1,109,100	$1,123,167	$1,102,922	$ 20,245
From Funds	275,995	449,524	266,368	709,071	1,090,294	684,338	405,956
Total Income	$691,461	$872,780	$682,375	$1,818,171	$2,213,461	$1,787,260	$426,201
Underwriting Commissions Paid:							
I.S. of A., Inc.	$257,586	$267,357	$260,238	$ 687,634	$ 703,105	$ 687,879	$ 15,226
Funds	175,167	282,381	166,491	449,501	681,479	427,237	254,242
Other Direct Underwriting Expense	78,666	137,838	85,713	236,000	301,031	209,452	91,579
Gen. and Adm. Expenses - Prop.	60,084	51,704	41,359	181,750	145,683	132,631	13,052
Total Expense	$571,503	$739,280	$553,801	$1,554,885	$1,831,298	$1,457,199	$374,099
Net Income	$119,958	$133,500	$128,574	$ 263,286	$ 382,163	$ 330,051	$ 52,102

SALES OF SUBSIDIARY AND AFFILIATED COMPANIES

	Month of March		Three Months Ended March 31,		Increase or
	1950	1949	1950	1949	Decrease
Investors Syndicate of America, Inc.	$13,916,785	$13,460,300	$34,398,900	$32,873,388	$1,525,112
Investors Mutual, Inc.	5,460,887	3,488,032	14,105,202	9,445,326	4,659,876
Investors Stock Fund, Inc.	347,938	207,588	1,115,333	746,796	368,537
Investors Selective Fund, Inc.	393,255	5,114	889,260	5,114	884,146
Total Sales by Underwriting Company	$20,118,865	$17,161,034	$50,508,695	$43,070,624	$7,437,671
Investors Syndicate of Canada, Ltd. *	$ 3,685,200	$ 3,563,200	$ 9,253,100	$ 7,893,800	$1,359,300
Investors Syndicate Title & Guar. Co. *	1,043,000	1,272,000	2,813,118	3,218,500	(405,382)
Investors Mutual of Canada, Ltd.	128,222	-0-	278,189	-0-	278,189
Total Other Sales	$ 4,856,422	$ 4,835,200	$12,344,407	$11,112,300	$1,232,107
Total Sales	$24,975,287	$21,996,234	$62,853,102	$54,182,924	$8,669,778

*Maturity Amount of Installment Certificates

NUMBER OF REPRESENTATIVES

	Month of March		Three Months Ended March 31,		Increase or
	1950	1949	1950	1949	Decrease
Beginning of Period	1,780	1,650	1,791	1,741	50
Added	99	85	247	227	20
Left	55	39	214	272	(58)
End of Period	1,824	1,696	1,824	1,696	128

	1,654		
$ 3,300	$ 39,558	$ 86,678	$ 23,602
$420,800	$5,910,446	$3,616,315	$321,372
572	12,039	3,809	784

EXHIBIT E

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME OF SUBSIDIARY COMPANIES

	Month of March		Three Months Ended March 31,		Increase or Decrease
	1950	1949	1950	1949	
Investors Syndicate of America, Inc.	$39,477	$ 59,271	($100,446)	$103,966	($204,412)
Investors Syndicate of Canada, Ltd.	23,436	43,681	53,663	65,808	(12,145)
Investors Syndicate Title & Guar. Co.	12,508	20,089	46,680	56,061	(9,381)
Miscellaneous Subsidiaries	9,171	(802)	12,595	104	12,491
Total	$84,592	$120,195	$ 12,672	$226,119	($213,447)
Less: Minority Interest	404	790	1,695	1,810	(315)
Parent Company Portion	$84,188	$121,985	$ 11,977	$224,309	($213,132)

ASSETS OF PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

	March 31, 1950	Dec. 31, 1949	Increase or Decrease
Investors Syndicate of America, Inc.	$136,185,338	$129,202,370	$ 6,982,968
Investors Syndicate of Canada, Ltd. *	31,827,257	29,854,261	1,972,996
Investors Syndicate Title & Guar. Co.	30,770,000	30,442,638	327,362
Miscellaneous Subsidiaries *	1,423,960	1,340,410	83,550
Total Assets of Subsidiaries	$200,206,555	$190,839,679	$ 9,366,876
Investors Mutual, Inc.	$191,655,659	$177,159,150	$14,496,509
Investors Stock Fund, Inc.	14,170,488	13,360,069	810,419
Investors Selective Fund, Inc.	2,463,900	1,663,588	800,312
Investors Mutual of Canada *	256,711	-0-	256,711
Total Assets of Affiliates	$208,546,760	$192,182,809	$16,363,951
Investors Diversified Services, Inc. *	$282,048,525	$282,458,593	$ (410,068)
Total Assets of All Companies	$690,801,840	$665,481,081	$25,320,759

*Canadian Assets have been discounted at 10%

NUMBER OF PERMANENT EMPLOYEES

	March 31,1950	Dec. 31,1949	Increase or Decrease
Home Office	810	824	(14)
Loan Agency	268	240	28
TOTAL	1,078	1,064	14

[fol. 1620]

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[fol. 1621]

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF INVESTMENT SECURITIES OWNED
AT DECEMBER 31, 1949 AND MARCH 31, 1950

	DECEMBER 31, 1949				MARCH 31, 1950			
	PAR OR SHARES	BOOK VALUE		MARKET VALUE	PAR OR SHARES	BOOK VALUE		MARKET VALUE
DOMESTIC SECURITIES								
U. S. Government Bonds	$ 6,897,250	$ 6,949,862.65	12.64%	$ 7,179,213.53	$ 6,918,250	$ 6,970,862.65	13.72%	$ 7,090,558.74
Municipal Bonds	57,000	87,186.95	.16	86,184.50	57,000	87,098.49	.17	86,545.30
Railroad Bonds	3,806,000	3,691,021.41	6.71	3,399,020.00	2,718,000	2,586,792.32	5.09	2,500,928.75
Public Utility Bonds	1,916,000	1,985,861.81	3.61	1,990,437.50	695,000	726,375.68	1.43	734,158.75
Industrial Bonds	10,268,000	10,261,466.93	18.66	10,302,407.21	11,080,000	11,045,910.86	21.73	11,102,813.34
Total Domestic Bonds	$22,944,250	$22,975,399.75	41.78%	$22,957,262.74	$21,468,250	$21,417,040.00	42.14%	$21,515,004.88
Railroad Preferred & Gtd. Stocks	23,517	$ 2,004,037.81	3.65%	$ 1,974,847.87	22,707	$ 1,918,874.16	3.78%	$ 1,928,926.50
Public Utility Preferred Stocks	107,886	6,467,957.98	11.76	5,974,843.00	102,726	6,268,141.92	12.33	5,895,229.75
Industrial Preferred Stocks	152,071	13,383,500.90	24.34	11,005,360.25	129,362	11,789,111.48*	23.19	9,535,660.75
Total Domestic Preferred Stocks	$ 283,474	$21,855,496.69	39.75%	$18,955,051.12	254,795	$19,976,127.56	39.30%	$17,359,817.00
Common Stocks	30,000	298,218.43	.54	353,052.38	30,000	298,218.43	.59	360,155.15
Total Domestic Securities		$45,129,114.87	82.07%	$42,265,366.24		$41,691,385.99	82.03%	$39,234,977.03
CANADIAN SECURITIES								
Dominion Government Bonds	$ 980,000	$ 988,993.94	1.80%	$ 1,006,750.00	980,000	$ 988,923.68	1.95%	$ 1,002,387.50
Dominion Provincial Bonds	2,476,000	2,462,807.67	4.48	2,521,308.77	2,111,000	2,097,042.46	4.13	2,149,858.75
Dominion Municipal Bonds	872,359	872,476.99	1.59	881,698.86	784,489	785,364.27	1.55	788,202.11
Corporation Bonds	5,324,500	5,346,474.56	9.72	5,343,458.75	5,108,500	5,128,534.98	10.09	5,134,343.75
Total Canadian Bonds	$ 9,652,859	$ 9,670,753.16	17.59%	$ 9,753,216.38	$ 8,983,989	$ 8,999,865.39	17.72%	$ 9,074,792.11
Corporation Preferred Stocks	4,885	185,697.68	.34	162,966.58	3,235	128,459.56	.25	112,163.13
Total Canadian Securities		$ 9,856,450.84	17.93%	$ 9,916,182.96		$ 9,128,324.95	17.97%	$ 9,186,955.24
GRAND TOTAL		$54,985,565.71	100.00%	$52,181,349.20		$50,819,710.94	100.00%	$48,421,932.27
Less: Unposted Amortization						860.85		
*Reserve for Securities Carried at Market Value						258,469.50		
Canadian Exchange Adjustment						922,172.12		
BOOK VALUE PER BALANCE SHEET						$49,638,208.47		

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By Investment Accounting Department
April 10, 1950

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF SECURITY INVESTMENTS
PURCHASES AND SALES

	Month of March, 1950		Three Months Ending March 31, 1950	
	Book Value	Average Yield	Book Value	Average Yield
Acquisitions				
Market Securities				
Bonds - U. S. Government	$ 14,650	2.500%	$ 21,000	2.300%
Bonds - Other	150,000	3.250	453,000	4.222
Preferred Stocks	-0-		-0-	
Private Placement Securities:				
Bonds	1,370,000	4.197	1,370,000	4.197
Preferred Stocks	-0-		-0-	
Total Acquisitions	$1,534,650	4.088%	$1,844,000	4.184%
Sales, Exchanges, Calls and Maturities:				
Market Securities				
Bonds - U. S. Government	$ -0-		$ -0-	
Bonds - Other	1,083,874	3.821%	3,334,866	3.551%
Preferred Stocks	150,178	3.915	1,924,107	4.020
Private Placement Securities:				
Bonds	-0-		738,000	
Preferred Stocks	12,500	5.250	12,500	5.250
Total Sales, Exchanges, Calls and Maturities	$1,246,552	3.847%	$6,009,473	3.850%

[fol. 1622]

SECURITIES IN DEFAULT

Issue	Cost	Market Value	Reserve Carried
Firth Sterling Steel & Carbide Corp. 7% Cum. Pfd.	$346,837.00	$150,205.00	$196,632.00
Twin Coach Co. $1.50 Cum. Conv. Pfd.	87,300.00	23,462.50	61,837.50
TOTAL	$434,137.00	$173,667.50	$258,469.50

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EXHIBIT G-1

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

MARCH 31, 1950

FULLY FUNDED AND CONSTRUCTION LOANS

	F.H.A.	G.I.	Conventional	Total
Construction Loans				
Amount of Loan	$12,300,310	$ 3,069,629	$82,136,009	$ 97,505,948
Remaining to be Disbursed	7,351,669	128,089	50,922,060	58,401,818
Net Investment	$ 4,948,641	$ 2,941,540	$31,213,949	$ 39,104,130
Fully Funded Loans	62,300,170	38,614,555	68,167,904	169,082,629
Total	$67,248,811	$41,556,095	$99,381,853	$208,186,759
- Less: Discount on Canadian Mortgages			1,285,507	1,285,507
Investment per Balance Sheet	$67,248,811	$41,556,095	$98,096,346	$206,901,252

PAYMENT STATUS

	F.H.A.	G.I.	Conventional	Total
Current	$64,035,290	$39,398,908	$96,631,748	$199,765,946
Delinquent 31 to 180 Days	$ 2,847,881	$ 2,334,938	$ 2,183,968	$ 7,366,787
Delinquent 181 Days or More	65,091	4,710	335,565	405,366
Foreclosed or Foreclosing	300,549	117,539	230,572	648,660
	$ 3,213,521	$ 2,457,187	$ 2,750,105	$ 8,420,813
Less: Discount on Canadian Mortgages			$ 1,285,507	$ 1,285,507
Investment per Balance Sheet	$67,248,811	$41,556,095	$98,096,346	$206,901,252

[fol. 1628]

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[fol. 1624]

EXHIBIT C-2

	P.H.A.		Sec.		Conventional		Total	
	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest
Fundings								
March 1950	$ 4,352,167	4.[illegible]%	$ 6,[illegible],597	4.000%	$ 9,[illegible],550	5.033%	$20,749,224	4.919%
Year to March 31, 1950	$13,[illegible],332	4.[illegible]%	$16,025,218	4.000%	$26,000,616	5.715%	$56,200,216	4.924%
Sales and Payoffs								
March 1950								
Sales to Subsidiaries	$ 1,036,551	4.[illegible]%	$ 150,522	4.000%	$ 4,215,760	4.040%	$ 8,422,833	4.442%
Sales to Non-affiliates	2,108,770	4.0[illegible]	5,[illegible],510	4.000	250,500	4.000	7,772,730	4.004
Pay-Offs	350,857	4.[illegible]%	75,641	4.000	1,835,091	4.907	2,261,589	4.779
Transferred to Real Estate	4,929	4.000					4,929	4.000
Refinances								
Existing Construction	18,148	4.353			59,256	4.849	77,379	4.732
New Construction	809,504	4.[illegible]%			4,828,585	5.942	5,638,189	5.739
F.H.A. Debentures	15,016	4.000					15,016	4.000
V.A. Claims			18,189	4.000			18,189	4.000
Total	$ 4,367,280	4.357%	$ 5,[illegible],862	4.000%	$11,000,173	5.167%	$24,211,295	4.635%
Year to March 31, 1950								
Sales to Subsidiaries	$ 6,687,700	4.[illegible]%	$ 171,401	4.000%	$ 7,[illegible],393	4.463%	$16,[illegible],494	4.445%
Sales to Non-affiliates	5,980,187	4.09[illegible]	13,[illegible],695	4.000	[illegible],150	4.000	20,[illegible],832	4.028
Pay-Offs	1,270,011	4.[illegible]%	180,[illegible]	4.000	5,619,321	5.255	7,070,155	5.091
Transferred to Real Estate	10,873	4.[illegible]%			4,753	6.000	15,626	4.798
Refinances								
Existing Construction	57,316	4.[illegible]%	1,[illegible]	4.000	127,067	5.017	185,642	4.832
New Construction	1,[illegible],[illegible]	4.[illegible]%	4,[illegible]	4.000	9,203,474	5.948	11,[illegible],031	5.689
F.H.A. Debentures	21,469	4.000					21,469	4.000
V.A. Claims			[illegible],715	4.000			[illegible],715	4.000
Total	$17,[illegible],819	4.[illegible]%	$13,[illegible],[illegible]	4.[illegible]%	$23,[illegible],158	5.220%	$[illegible],[illegible],035	4.632%
Commitments								
Outstanding at December 31, 1949	$ 9,020,[illegible]	4.[illegible]%	$ 3,[illegible],[illegible]	4.000%	$15,[illegible],980	5.90[illegible]%	$27,[illegible],736	4.706%
New Commitments made	7,123,025		6,[illegible],097		[illegible],009,832		67,[illegible],954	
Loans Set Up	([illegible],[illegible],277)		([illegible],027,280)		([illegible],078,729)		([illegible],[illegible],286)	
Commitments cancelled etc.	([illegible],[illegible])		193,[illegible]		([illegible],[illegible],[illegible])		([illegible],[illegible],[illegible])	
Outstanding at March 31, 1950	$ [illegible],[illegible],[illegible]	[illegible].163%	$ 2,[illegible],152	4.000%	$23,[illegible],[illegible]	5.725%	$32,[illegible],545	5.157%
Undisbursed Loans								
Amount remaining to be funded on loans set up but not fully disbursed March 31, 1950	$ 7,551,669	4.252%	$ 123,000	4.000%	$50,922,059	5.[illegible]%	$58,[illegible],818	5.709%

INVESTORS DIVERSIFIED SERVICES, INC. CERTIFICATES IN FORCE [fol. 1625]
THREE MONTHS ENDING MARCH 31, 1950
INSTALLMENT CERTIFICATES

	50,000		250,000		A		B		C		D		F		G	
	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$357,000		$1,719,000		$6,160,000		$34,114,450		[illegible]		[illegible]		$27,753,250		$109,856,250	
Net Cancellations													11,250		2,000	
Balance	$357,000	100.00	$1,719,000	100.00	$6,160,000	100.00	$34,114,450	100.00	[illegible]	100.00	[illegible]	100.00	$27,742,000	100.00	$109,854,250	100.00
Exits:																
Maturities to O. S.							$ 50,700	.09	$ 1,000	.17	$ 7,500	.02				
Maturities	$ 21,500	6.02	$ 89,000	5.18	$ 338,000	5.49	6,435,950	11.89	43,000	7.11	397,500	.99	$ 2,074,250	.91	$ 1,486,250	1.35
Surrenders			8,500	.49	28,000	.45	245,700	.45	10,000	1.65	311,250	.78	30,000	.01	73,500	.07
Death & Disability					1,000	.02	2,600	.01			8,750	.02	45,000	.01	83,000	
*Suspended	1,000						2,600				13,750		(20,250)		(242,500)	
Less Reinstatements																
Net	1,000	.28					2,600	.01			13,750	.03	24,750	.01	(159,500)	(.14)
Paid Up					1,000	.02	28,600	.05					57,500	.03	110,500	.10
Suspended Accts. with Res.					4,500	.07	24,700	.05			17,500	.04	210,000	.09	149,000	.14
Optional Settlements											2,500	.01	33,750	.02	60,250	.05
Reductions & Divisions																
Total Net Exits	$ 22,500	6.30	$ 97,500	5.67	$ 372,500	6.05	$ 6,791,850	13.55	$ 54,000	8.83	$ 788,750	1.89	$ 2,430,250	1.07	$ 1,720,000	1.57
Balance In Force	$334,500	93.70	$1,621,500	94.33	$5,787,500	93.95	$27,322,600	87.45	$551,000	91.07	$39,272,500	98.11	$225,311,750	98.93	$108,134,250	98.43
Number of Accounts	194		924		3,629		18,044		370		15,015		74,291		41,351	

	Total This Year		Total Last Year	
	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$140,596,200		$176,113,800	
Net Cancellations	13,250		7,500	
Balance	$140,582,950	100.00	$176,106,300	100.00
Exits:				
Maturities to O. S.	$ 50,200	.01		
Maturities	2,389,650	1.65	$ 2,954,400	1.62
Surrenders	1,322,450	.93	3,912,950	2.13
Death & Disability	115,450	.08	195,800	.04
*Suspended	135,550		201,300	
Less Reinstatements	(262,750)		(304,750)	
Net	(117,400)	(.03)	(103,450)	(.02)
Paid Up	197,600	.03	166,100	.03
Suspended Accts. with Res.	477,750	.09	454,610	.10
Optional Settlements	95,500	.02	246,750	.05
Reductions & Divisions			(1,500)	
Total Net Exits	$ 12,287,350	2.79	$ 7,925,660	1.64
Balance In Force	$128,295,600	97.22	$468,280,640	98.36
Number of Accounts	153,318		168,930	

MISCELLANEOUS CERTIFICATES

	Current	Paid Up	Optional Settlement	Suspended Accounts With Reserve
In Force at Beginning of Year	$414,100	$5,884,200	$3,637,000	$284,[illegible]
Transferred to		135,450	17,702	60,[illegible]
Transferred from Suspended		4,998		
Interest Credits			17,901	
Total	$414,100	$5,883,748	$3,772,635	$284,27[illegible]
Exits:				
To Paid Up				
Maturities		$ 53,995		
Surrenders	$ 9,300	60,659	$ 23,0[illegible]	
U. S. Reserves			114,570	
Reconverted to Installments				5,[illegible]
Transferred to Paid Up				3,[illegible]
Converted to Optional Settlement				
Cancellations		4,091		
Total Exits	$ 9,300	$ 138,635	$ 137,620	$ 41,736
Balance In Force	$414,800	$5,885,996	$3,635,015	$322,538
Number of Accounts	565	11,924	3,818	792

[fol. 1626]

EXHIBIT [illegible]

INVESTORS DIVERSIFIED SERVICES, INC.
GROSS RATE OF EARNING ON INVESTED ASSETS AND RATE OF EXPENSES ON CERTIFICATE LIABILITIES AND RESERVES

	Monthly Average Balances		Gross Rate of Earnings* on Invested Assets					
	Three Months Ending March 31, 1950	Year Ending Dec. 31, 1949	Three Months Ending March 31, 1950	1949	Year Ending December 31, 1948	1947	1946	1945
INVESTED ASSETS								
Bonds	$ 30,835,109	$ 34,983,264	3.533%	3.286%	3.396%	3.139%	3.003%	3.09[illegible]
Stocks	20,681,747	24,074,266	4.170	3.973	4.080	4.091	[illegible]	[illegible]
Total Marketable Securities	$ 51,580,836	$ 59,057,530	3.763%	3.[illegible]%	3.673%	3.5[illegible]%	[illegible]	[illegible]
Mortgages	210,824,034	200,955,345	4.709	4.362	4.564	4.329	4.[illegible]	4.[illegible]
Certificate Loans	11,377,631	10,500,029	5.103	5.[illegible]	5.[illegible]	5.[illegible]	5.[illegible]	[illegible]
Real Estate	343,703	386,203	(3.8[illegible])	(4.[illegible])	(3.[illegible])	(4.[illegible])	5.136	[illegible]
Notes Receivable	1,224,725	1,183,645	4.508	4.485	4.559	4.630	4.512	[illegible]
Total Invested Assets	$275,290,930	$272,042,752	4.557%	4.240%	4.[illegible]%	4.[illegible]%	4.[illegible]%	4.02[illegible]
Other Assets	16,261,548	16,723,459						
Total Assets	$291,552,478	$288,766,220	4.305%	3.930%	4.[illegible]%	4.0[illegible]%	3.8[illegible]%	3.7[illegible]

*Includes gross interest and dividends, and net income from real estate. Does not include premiums or fees on mortgages or profits on sales of investments.

	Monthly Average Balances		Rate of Expense on Cert. Liab. and Reserves					
	Three Months Ending March 31, 1950	Year Ending Dec. 31, 1949	Three Months Ending March 31 1950	1949	Year Ending December 31, 1949	1948	1947	1946
CERTIFICATE LIABILITIES AND RESERVES								
Installment Certificates	$259,297,421	$257,130,085						
Gross Rate			5.089%	5.019%	4.749%	4.755%	4.738%	4.826%
Reduction due to reserve recoveries on Surr. and 5% of service fees on other than annual payments			.140	.143	.141	.144	.160	[illegible]
Net Rate			4.949%	4.876%	4.608%	4.611%	4.608%	[illegible]
Additional Voluntary Reserves	3,500,000	2,421,257	.066	.045	.044	.038	.041	.039
Total Including Voluntary Reserves	$262,797,421	$259,551,343	4.883%	4.831%	4.564%	4.573%	4.567%	4.590%
Advance Payments	12,972,760	14,120,736	2.591	2.687	2.632	2.795	2.833	2.939
Additional Credits	274,200	278,301	2.429	2.402	2.748	2.682	2.681	2.681
Paid Up Certificates	4,738,269	4,797,688	4.307	4.326	4.289	4.367	4.455	4.435
Optional Settlement Certificates	3,622,318	3,829,311	3.854	3.952	3.862	4.070	4.193	4.319
Coupon Certificates	421,117	436,725	2.921	3.000	2.950	2.917	2.937	2.958
Single Payment Certificates	-0-	-0-	-0-	-0-	-0-	2.380	2.886	2.937
Total Certificate Liabilities & Reserves	$284,826,085	$283,014,124	4.751%	4.692%	4.449%	4.456%	4.446%	4.461%
Rate of Earnings on Invested Assets to Total Certificate Liabilities & Res.			4.404%	3.989%	4.207%	4.127%	3.954%	3.863%
Rate of Expense to Total Certificate Liabilities and Reserves			4.751	4.692	4.449	4.456	4.446	4.461
Difference			(.347)	(.703%)	(.242%)	(.329%)	(.492%)	(.598%)

[fol. 1627]

In the United States District

Plaintiffs' Exhibit No. 243

PLEASE RETURN TO
GENERAL ACCTG. DEPT.
REPORT FILE

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA
PROJECTED CONDENSED NET INCOME STATEMENT FOR THE YEARS 1949 THROUGH 1953 INCLUDING THE NET INCOME OF SUBSIDIARIES BEFORE PROFIT OR LOSS FROM SALE OF INVESTMENTS AND INCOME TAXES

	1949		1950		1951		1952		
Investment Income (Schedule I)		$11,646,000		$12,027,900		$11,[illegible],700		$11,100,400	
Certificate Servicing Income (Schedule G)		863,100		815,200		[illegible],700		680,700	
Management Income - Gross (Schedule E)		924,900		1,062,700		1,[illegible],700		1,340,400	
Mortgage Operations Income - Net (Schedule A)		1,043,500		878,400		1,[illegible],600		1,257,300	
Corporation Financing Fees		150,000		150,000		[illegible],000		150,000	
Total		$14,627,500		$14,932,200		$14,[illegible],700		$14,528,800	
Less: Certificate Money Costs (Schedule H)	$13,102,100		$13,226,400		$12,794,800		$11,923,000		$10,884,[illegible]
Other Direct Expense (Schedule C)	360,000		372,800		381,900		385,900		383,[illegible]
General & Administrative Expense - Prop. (Schedule J)	2,176,700	15,638,800	2,201,800	15,801,000	2,204,400	15,[illegible],100	2,170,000	14,478,900	2,086,[illegible]
Net Income from Investments, Management Certificate Servicing and Mortgage Operations		($ 1,[illegible],500)		$ (868,800)		$ ([illegible],400)		$ 49,900	
Underwriting Income - Gross (Schedule B)	$ 7,547,300		7,705,80[illegible]		$ 7,913,500		$ 7,939,300		$ 8,050,[illegible]
Underwriting Commission - Gross (Schedule C)	[illegible],682,400		4,812,30[illegible]		[illegible],903,700		4,957,000		4,989,[illegible]
Underwriting Income - Net	[illegible],864,900		[illegible],953,50[illegible]		$ [illegible],009,600		$ 3,042,300		$ 3,061,[illegible]
Less: Direct Expense (Schedule D)	$ 927,200		952,000		$ 972,700		$ 998,200		$ 1,015,[illegible]
General and Administrative Expense - Prop. (Schedule J)	560,000		570,000		580,000		590,000		600,[illegible]
Total Expense	$ 1,487,200		[illegible],522,000		$ 1,552,700		$ [illegible],588,200		$ 1,615,[illegible]
Net Income from Underwriting		$ 1,377,700		$ 1,431,500		$ 1,456,900		$ 1,454,100	
Investors Syndicate Net Income Before Profit or Loss on Sale of Investments and Income Taxes		$ 366,400		$ 562,700		$ 966,500		$ 1,504,000	
Earnings of Subsidiaries Before Profit or Loss on Sale of Investments and Income Taxes (Schedule F)		968,000		1,086,500		1,302,000		1,522,000	
Consolidated Net Income Before Profit or Loss on Sale of Investments and Income Taxes		$ 1,334,400		$ 1,649,200		$ 2,268,500		$ 3,026,000	

[fol. 1627]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 243

1951	1952		1953	
$11,724,700		$11,100,400		$10,110,700
750,700		680,700		601,300
1,203,700		1,340,400		1,473,700
1,[illegible],600		1,257,300		1,493,400
[illegible],000		150,000		150,000
$14,690,700		$14,528,800		$13,829,100
	$11,923,000		$10,884,300	
	385,900		583,500	
15,301,100	2,170,000	14,478,900	2,056,400	13,364,200
$ ([illegible],400)		$ 49,900		$ 464,900
	$ 7,939,300		$ 8,050,800	
	4,957,000		4,989,000	
	$ 2,982,300		$ 3,061,800	
	$ 998,200		$ 1,015,600	
	590,000		600,000	
	$ 1,588,200		$ 1,615,600	
$ 1,456,900		$ 1,454,100		$ 1,446,200
$ 966,500		$ 1,504,000		$ 1,911,100
1,302,000		1,522,000		1,731,000
$ 2,268,500		$ 3,026,000		$ 3,642,100

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

PROJECTED MORTGAGE OPERATIONS NET INCOME FOR THE YEAR 1949 THROUGH 1953

	1949		1950		1951	
Mortgage Income						
Non-Affiliated Companies						
Fees and Commissions (1)	$1,247,000		$1,027,400		$1,090,100	
Premiums on Mortgages Sold	100,000		-0-		-0-	
Participation Projects	150,000	$1,497,000	-0-	$1,027,400	-0-	$1,090,100
Affiliated Companies						
Mortgage Service Fees						
Investors Syndicate of America, Inc.	$ 443,500		$ 580,500		$ 727,500	
Investors Syndicate Title & Guaranty	100,000	543,500	110,000	690,500	120,000	847,500
New Loan Fees						
Investors Syndicate of America, Inc.	$ 443,000		$ 500,500		$ 514,000	
Investors Syndicate Title & Guaranty	60,000	503,000	60,000	560,500	60,000	574,000
Total Income		$2,543,500		$2,278,400		$2,511,600
Mortgage Expense-Direct						
Loan Agency Operating Costs	$1,250,000		$1,300,000		$1,350,000	
Premiums-Non-Affiliate	150,000		-0-		-0-	
Premiums-Affiliates	100,000	1,500,000	100,000	1,400,000	100,000	1,450,000
Mortgage Operation Net Income		$1,043,500		$ 878,400		$1,061,600

(1) Fees and Commissions - Non-Affiliated Companies

Construction Loan Fees	$ 750,000	$ 450,000	$ 460,000
Service Fees	200,000	253,000	280,900
Insurance Commissions	175,000	200,000	225,000
Pay-off Penalties	40,000	42,400	42,200
Management & Fees	12,000	12,000	12,000
Miscellaneous Income	70,000	70,000	70,000
TOTAL	$1,247,000	$1,027,400	$1,090,100

Total Net Exits	$ 12,247,350	2.78	$ 7,835,660	1.64	Total Exits	$ 9,300	$ 138,635	$ 137,620	$ 41,736
Balance In Force	$428,335,600	97.22	$468,230,640	98.36	Balance In Force	$414,800	$5,885,996	$3,635,015	$322,538
Number of Accounts	153,718		168,930		Number of Accounts	565	11,524	3,818	792

* Subject to Reinstatement

[fol. 1628]

SCHEDULE A

	1952		1953	
	$1,162,300		$1,205,400	
	-0-		-0-	
D	-0-	$1,162,300	-0-	$1,205,400
	$ 878,500		$1,041,500	
D	130,000	1,008,500	140,000	1,181,500
	$ 526,500		$ 596,500	
D	60,000	586,500	60,000	656,500
D		$2,757,300		$3,043,400
	$1,400,000		$1,450,000	
	-0-		-0-	
D	100,000	1,500,000	100,000	1,550,000
D		$1,257,300		$1,493,400
	$ 485,000		$ 485,000	
	304,900		325,600	
	250,000		275,000	
	40,400		37,800	
	12,000		12,000	
	79,000		79,000	
	$1,162,300		$1,205,400	

INVESTORS SYN ATE - MINNEAPOLIS, MINNESOTA
PROJECTED UNDERWRITING INCOME, COMMISSIONS AND EXPENSE, MANAGEMENT INCOME, AND EARNINGS OF SUBSIDIARIES FOR THE YEARS 1949 THROUGH 1953

[fol. 1629]

1106

SCHEDULE B, C, D, E & F

	1949	1950	1951	1952	1953
			Schedule B		
Underwriting Income					
Investors Syndicate of America, Inc.	$4,954,500	$5,155,000	$5,300,500	$5,386,500	$5,438,000
Investment Trusts	2,612,800	2,612,800	2,612,800	2,612,800	2,612,800
Gross Underwriting Income	$7,567,300	$7,765,800	$7,913,300	$7,999,300	$8,050,800
			Schedule C		
Underwriting Commissions					
Investors Syndicate of America, Inc.	$3,065,000	$3,194,900	$3,286,300	$3,339,600	$3,371,600
Investment Trusts	1,617,400	1,617,400	1,617,400	1,617,400	1,617,400
Gross Underwriting Commissions	$4,682,400	$4,812,300	$4,903,700	$4,957,000	$4,989,000
			Schedule D		
Other Direct Expense - Underwriting					
Provision for Incentive Pay	$ 270,000	$ 270,000	$ 270,000	$ 270,000	$ 270,000
Sales Agency Fees	212,200	222,000	252,700	243,200	250,600
Regional Managers Expense	175,000	180,000	180,000	185,000	185,000
Sales Prom. Convention & Advertising	250,000	260,000	270,000	280,000	290,000
Incentive Pay for Regional Managers	20,000	20,000	20,000	20,000	20,000
Total	$ 927,200	$ 952,000	$ 972,700	$ 998,200	$1,015,600
			Schedule E		
Management Income					
Investors Syndicate of America, Inc.	$ 118,000	$ 144,500	$ 181,000	$ 219,500	$ 260,500
Investors Syndicate Title & Guaranty	15,000	15,000	15,000	15,000	15,000
Investors Syndicate of Canada, Ltd.	43,000	50,000	57,000	64,000	71,000
Investment Trusts	748,900	853,200	950,700	1,041,900	1,127,200
Total Management Income	$ 924,900	$1,062,700	$1,203,700	$1,340,400	$1,473,700
			Schedule F		
Earnings of Subsidiary Companies Before Profit or Loss on Sale of Investments and Income Taxes					
Investors Syndicate of America, Inc.	$ 618,000	$ 698,500	$ 853,000	$ 981,000	$1,118,000
Investors Syndicate of Canada, Ltd.	200,000	288,000	369,000	441,000	515,000
Investors Syndicate Title & Guaranty Co.	100,000	100,000	100,000	100,000	100,000
Miscellaneous Subsidiary Companies	50,000	-0-	-0-	-0-	-0-
Total	$ 968,000	$1,086,500	$1,302,000	$1,522,000	$1,731,000

[fol. 1630]

SCHEDULE G

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

PROJECTED CERTIFICATE SERVICING INCOME AND COSTS FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Certificate Servicing Income					
Collection Revenue (Exhibit 4)	$605,800	$560,000	$503,500	$440,100	$370,500
Subsequent Years Loading	11,000	7,500	5,000	3,500	2,500
Certificate Collection Fees from I.S.A.	108,500	120,000	131,500	142,500	152,500
Reserve Recoveries on Surrenders (Exhibit 4)	137,800	125,700	110,700	94,600	75,800
TOTAL	$863,100	$813,200	$750,700	$680,700	$601,300
Direct Certificate Expense					
Collection Agency Expense - Prop.	$234,000	$270,600	$286,300	$299,200	$308,300
Collection and exchange	13,600	12,700	11,500	10,100	8,500
Depositary Fees	67,400	66,500	65,100	58,600	51,700
Miscellaneous	25,000	23,000	21,000	18,000	15,000
TOTAL	$360,000	$372,800	$381,900	$385,900	$383,500

[fol. 1631]

SCHEDULE H

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

RECAPITULATION OF PROJECTED COST OF CERTIFICATE MONEY FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Installment Certificates to maturity only	$12,310,100	$12,477,100	$12,054,600	$11,080,000	$ 9,809,700
Extended Maturities on Installments	-	-	2,600	46,200	149,300
Paid Up Certificates	212,600	208,200	204,100	189,700	175,900
Optional Settlements	167,900	172,500	211,400	333,700	526,700
Coupon Certificates	15,000	12,100	11,200	10,400	9,300
Advance Payments on Installments	391,100	349,400	304,100	257,000	208,400
Additional Credits on Series "C" (Int. only)	7,400	7,100	6,800	6,000	5,000
Additional Credits on Series "J" (Cost of)	-	-	-	-	-
	$13,102,100	$13,226,400	$12,794,800	$11,925,000	$10,884,300

1631

[fol. 1632]

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

SCHEDULE I &

PROJECTED INVESTMENT INCOME AND GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS 1949 THROUGH 1953

Schedule I

Investment Income (Exhibit 7)

	1949	1950	1951	1952	1953
Mortgages (1)	$ 8,851,700	$ 9,071,000	$ 8,875,100	$ 8,440,700	$ 7,721,200
Bonds & Stocks (2)	2,176,400	2,282,900	2,162,400	1,985,300	1,758,700
Certificate Loans (3)	568,900	629,000	642,200	629,400	585,800
Notes Receivable from Subs. (4)	49,000	45,000	45,000	45,000	45,000
TOTAL	$11,646,000	$12,027,900	$11,724,700	$11,100,400	$10,110,700

(1) Mortgages @ 4.4% for 1949; 4.5% thereafter
(2) Bonds & Stocks @ 3.8% for 1949; 3.9% for 1950; 4.0% for 1951; 4.1% for 1952-53.
(3) Certificate Loans @ 3.5% for all years.
(4) Notes Receivable @ 4.5% for all years.

Schedule J

General and Administrative Expenses (Exhibit 9)

	1949	1950	1951	1952	1953
Investment & Servicing - Proportion	$ 1,824,300	$ 1,852,300	$ 1,816,400	$ 1,762,600	$ 1,668,600
Management - Proportion	352,400	369,500	388,000	407,400	427,800
TOTAL	$ 2,176,700	$ 2,201,800	$ 2,204,400	$ 2,170,000	$ 2,096,400
Underwriting - Proportion	560,000	570,000	580,000	590,000	600,000
TOTAL	$ 2,736,700	$ 2,771,800	$ 2,784,400	$ 2,760,000	$ 2,696,400

1632

[fol. 1633]

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

EXHIBIT 1

DISTRIBUTION OF PROJECTED ASSETS FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Cash	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
Mortgages (2)	201,905,800	201,249,700	195,197,500	181,942,600	161,225,000
Bonds & Stocks (2)	60,309,500	56,762,700	51,356,200	45,485,600	40,305,700
Certificate Loans	11,176,500	11,696,400	11,658,100	11,228,400	10,074,400
Notes Receivable from Subsidiary Companies	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Investment and Accounts Receivable from Subsidiary Companies	6,600,000	7,686,500	8,983,500	10,510,500	12,241,500
All other Assets (1)	3,413,600	3,565,600	3,655,500	3,915,100	3,788,700
TOTAL (Exhibit 2)	$291,905,200	$289,460,900	$277,350,800	$261,582,200	$236,133,300

(1) Basis 1.13% of total assets plus current years excess or decreased estimated earnings.

(2) Basis of Mortgages and Bonds and Stocks split 1949 - 77% & 23%; 1950 - 78% & 22%; 1951 - 79% & 21%; 1952 thru 1953 - 80% & 20% of balance of invested assets.

1633

[fol. 1634]

EXHIBIT 2

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

CALCULATION OF PROJECTED ASSETS FOR THE YEARS
1949 THROUGH 1953

	1949	1950	1951	1952	1953
Total Liabilities and Reserves (Exhibit 5)	$287,887,500	$285,815,800	$269,420,000	$250,620,600	$221,529,600
Capital Stock	1,455,700	1,455,700	1,455,700	1,455,700	1,455,700
Earned Surplus (Exhibit 5 - Prov. Year End)	1,229,800	2,564,200	4,213,400	6,481,900	9,507,900
Earnings of Subsidiary Companies (Schedule F)	968,000	1,086,500	1,302,000	1,522,000	1,731,000
Estimated Investors Syndicate Net Income	250,000	400,000	750,000	1,000,000	1,400,000
Total Estimated Assets	$291,788,800	$289,518,200	$277,139,100	$261,078,200	$235,622,200
Adjustment for Earnings	116,400	162,700	216,500	504,000	511,100
Projected Assets - End of Year	$291,905,200	$289,480,900	$277,355,600	$261,582,200	$236,133,300

[fol. 1635]

EXHIBIT 5

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

PROJECTED MATURITY VALUE OF ALL TYPES OF CERTIFICATES FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Installments Certificates (to Maturity only)	$448,225,500	$408,893,000	$360,252,500	$307,811,300	$246,494,000
Installment Certificates (Extended Maturities) (1)	-	72,500	1,298,500	4,188,000	8,860,50
Paid Up Certificates	6,163,800	5,965,900	5,641,600	5,214,100	4,707,300
Optional Settlements (1)	3,962,000	4,111,500	5,898,500	9,816,300	15,665,300
Coupon Certificates	417,300	588,100	360,900	334,800	211,100
TOTAL	$458,766,600	$419,571,000	$373,432,000	$327,364,500	$275,938,200

(1) Attained Value Basis

1635

[fol. 1636]

EXHIBIT 4

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

PROJECTED CERTIFICATE CASH RECEIPTS, COLLECTION REVENUE AND RESERVE RECOVERIES
FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Certificate Cash Receipts					
Installment Certificates	$19,116,500	$17,878,700	$16,237,300	$14,272,700	$11,986,400
Extended Maturities	-	1,700	32,200	125,700	291,500
Total	$19,116,500	$17,880,400	$16,269,500	$14,398,400	$12,277,900
Less: Reduction for Application of Advance Payments on Installment Certificates	972,800	1,232,700	1,521,000	1,640,500	1,919,000
Net Certificate Receipts	$18,143,700	$16,647,700	$14,748,500	$12,757,900	$10,358,900
Collection Revenue					
Installment Certificates	$ 605,800	$ 559,900	$ 502,600	$ 436,700	$ 362,600
Extended Maturities	-	100	900	3,400	7,900
Total	$ 605,800	$ 560,000	$ 503,500	$ 440,100	$ 370,500
Reserve Recoveries					
Installment Certificates	$ 137,800	$ 125,700	$ 110,700	$ 94,600	$ 73,800

[fol. 1637]

EXHIBIT 5

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

PROJECTED LIABILITIES AND NET WORTH FOR THE YEARS
1949 THROUGH 1953

	1949	1950	1951	1952	1953
Installment Certificates (to Maturity only)	$259,640,000	$256,634,300	$241,051,000	$217,439,200	$180,336,000
Installment Certificates (Extended Maturities)	-	72,500	1,298,500	4,188,000	8,860,500
Paid Up Certificates	4,961,900	4,951,700	4,767,100	4,484,200	4,095,300
Optional Settlements	3,962,000	4,111,500	5,898,500	9,816,300	15,665,300
Coupon Certificates	417,300	388,100	360,900	334,800	211,100
Advance Payments	14,111,600	12,878,900	11,557,900	9,717,400	7,798,400
Additional Credits	276,100	264,900	253,700	223,800	186,600
Total Certificate Liabilities	$283,368,900	$279,321,900	$264,967,600	$246,203,700	$217,153,200
Other Certificate Reserves (Exhibit 8)	3,098,400	3,086,900	3,042,400	2,986,900	2,906,400
Other Liabilities & Deferred Income (Exhibit 8)	1,420,000	1,405,000	1,410,000	1,430,000	1,470,000
Total Liabilities and Reserves	$287,887,300	$283,813,800	$269,420,000	$250,620,600	$221,529,600
Capital Stock	$ 1,453,700	$ 1,453,700	$ 1,453,700	$ 1,453,700	$ 1,453,700
Earned Surplus	2,564,200	4,213,400	6,481,900	9,507,900	13,150,000
Total Capital Stock and Surplus	$ 4,017,900	$ 5,667,100	$ 7,935,600	$ 10,961,600	$ 14,603,700
TOTAL	$291,905,200	$289,480,900	$277,355,600	$261,582,200	$236,133,300

[fol. 1638]

EXHIBIT 6

INVESTORS SYNDICATE

COMPARISON OF ESTIMATED INSTALLMENT CERTIFICATE LIABILITIES AND MATURITY AMOUNT OF INSTALLMENT CERTIFICATES IN FORCE FOR THE YEARS 1949 THROUGH 1953

	1949	1950	1951	1952	1953
Installment Certificates Liabilities (Exhibit 5) (to Maturity only)	$259,640,000	$256,654,300	$241,051,000	$217,439,200	$180,336,000
Installment Certificates Maturity Value (to Maturity only) (Exhibit 3)	$448,223,500	$408,833,000	$360,252,500	$307,811,300	$246,494,000
Liability Value per $1,000 of Maturity Value Outstanding	$ 579	$ 628	$ 669	$ 706	$ 732

[fol. 1639]

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

CALCULATION OF PROJECTED INVESTMENT INCOME FOR THE YEARS 1949 THROUGH 1953

	1949		1950		1951		1952		1953	
	Average Balance	Projected Income	Average Balance	Projected Income	Average Balance	Projected Income	Average Balance	Projected Income	Average Balance	Projected Income
Mortgages (1)	($201,376,650)	($ 8,891,700)	$201,877,750	$ 9,084,000	$207,625,500	$ 9,375,300	$197,570,000	$ 8,440,700	$171,582,800	$ 7,721,200
Bonds & Stocks (2)	57,072,400	2,176,400	53,556,300	2,082,000	54,050,300	2,168,400	48,420,900	1,983,300	42,695,650	1,738,700
Certificate Loans (3)	10,588,500	568,000	11,436,300	629,000	11,977,250	658,200	11,449,250	629,400	10,452,400	563,000
Notes Rec. From Subs. (4)	1,450,500	65,300	1,450,500	65,300	1,450,500	65,300	2,000,000	90,000	1,000,000	45,000
		$11,701,400		$11,860,300		$12,267,200		$11,143,400		$10,066,900

(1) Mortgages on projections rate @ 4.4% for 1949 - 4.5% thereafter

(2) Bonds and Securities on projection rate of 3.8% for 1949; 3.9% - 1950; 4.0% - 1951; 4.1% - 1952-53.

(3) Certificate Loans on projection rate of 5.5% for all years

(4) Notes Receivable on projection rate of 4.5%

[fol. 1640]

EXHIBIT 8

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

DETAIL OF OTHER CERTIFICATE RESERVES AND OTHER LIABILITIES AND DEFERRED INCOME PROJECTED FOR TEN YEARS ENDING THROUGH 1959

	1949	1950	1951	1952	1953
Other Certificate Reserves					
Special Certificate Reserve	$2,574,400	$2,574,400	$2,574,400	$2,574,400	$2,574,400
Reserve for Adjustment due to Change in Payment	490,000	500,000	500,000	480,000	400,000
Reserve for Death & Disability	365,000	365,000	300,000	60,000	50,000
Reserve for Reinstatements	4,000	3,500	3,000	2,500	2,000
Unlocated Certificate Holders	65,000	65,000	65,000	70,000	100,000
Total	$3,498,400	$3,506,900	$3,442,400	$2,986,900	$2,906,400
Other Liabilities & Deferred Income					
Current payables	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Incentive Pay Bonus	700,000	700,000	700,000	800,000	800,000
Reserve for Taxes & Fees	70,000	70,000	80,000	100,000	150,000
Suspense	100,000	75,000	60,000	50,000	50,000
Deferred Income	250,000	300,000	370,000	480,000	470,000
Total	$1,420,000	$1,445,000	$1,410,000	$1,430,000	$1,470,000

INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA

CALCULATION OF PROJECTED GENERAL AND ADMINISTRATIVE EXPENSES FOR THE YEARS 1949 THROUGH 1953

[fol. 1641]

EXHIBIT 9

	1941	1942	1943	1944	1945	1946	1947
Investment, Servicing, and Management							
Gross Income (P & L)	$10,779,991	$10,959,903	$10,230,972	$10,022,712	$10,486,304	$11,348,280	$13,457,731
Less: Management	44,017	89,772	176,043	262,431	455,485	696,894	781,065
Net	$10,735,974	$10,870,131	$10,054,929	$ 9,760,281	$10,030,819	$10,651,386	$12,676,666
Investment and Servicing portion of G & A (per worksheet)	878,050	979,692	1,110,229	934,037	898,151	1,185,724	1,346,384
Percentage	8.178	9.013	11.042	9.570	8.954	11.132	10.621

	1949	1950	19[illegible]	1952	1953
Investment and Servicing					
Gross Income - Projected					
Investment Income	$11,646,000	$12,027,900	$11,[illegible]700	$11,100,400	$10,110,700
Certificate Servicing Income	863,100	813,200	[illegible]700	680,700	601,300
Mortgage Operation - Gross	2,543,500	2,278,400	2,[illegible]000	2,757,300	3,043,400
Corporation Financing	150,000	150,000	[illegible]000	150,000	150,000
Total	$15,202,600	$15,269,500	$15,[illegible]000	$14,688,400	$13,905,400
Investment and Certificate Servicing (1)	$ 1,824,300	$ 1,832,300	$ 1,[illegible]800	$ 1,762,600	$ 1,668,600
Management (2)	352,400	369,500	[illegible]000	407,400	427,800
Underwriting (3)	560,000	570,000	[illegible]000	590,000	600,000
Total	$ 2,736,700	$ 2,771,800	$ 2,[illegible]400	$ 2,760,000	$ 2,696,400

(1) Basis - 12% of Gross Investment and Certificate Servicing Income
(2) Basis - 5% Increase each year over previous year
(3) Basis - 1948 Expense plus $10,000 each year 5 years plus $20,000 last five years

PLEASE RETURN TO GENERAL ACCTG. DEPT. REPORT FILE

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA [fol. 1642]

PROJECTED CONDENSED NET INCOME STATEMENT FOR THE YEAR 1949, BY MONTHS, INCLUDING THE NET INCOME OF SUBSIDIARIES BEFORE PROFIT OR LOSS FROM SALE OF INVESTMENTS AND INCOME TAXES

	January	February	March	April	May	June	July	August	September	October	November	December	Total
[illegible] INCOME	$ 939,727	$ 942,592	$ 990,459	$ 948,328	$ 951,195	$999,064	$ 956,934	$959,804	$1,007,672	$ 965,542	$ 968,408	$1,016,275	$11,646,000
[illegible] COST OF CERTIFICATE MONEY	1,202,517	1,072,742	1,079,021	1,046,577	1,067,509	991,109	1,014,133	999,481	1,037,158	1,112,512	1,211,936	1,267,405	13,102,100
Difference	$ (262,790)	$ (130,150)	$ (88,562)	$ (98,249)	$ (116,314)	$ 7,955	$ (57,199)	$ (39,677)	$ (29,486)	$ (146,970)	$ (243,528)	$ (251,130)	$ (1,456,100)
CORPORATION FINANCING FEES	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 150,000
MANAGEMENT INCOME	$ 9,200	$ 9,315	$ 9,430	$ 9,545	$ 9,660	$ 9,775	$ 9,890	$ 10,005	$ 10,120	$ 10,240	$ 10,360	$ 10,460	$ 118,000
Investors Syndicate of America	3,583	3,583	3,584	3,583	3,583	3,584	3,583	3,583	3,584	3,583	3,583	3,584	43,000
Investors Syndicate of Canada	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
I. S. T. & G. Co.	56,902	57,903	58,905	59,906	60,906	61,909	62,909	63,909	64,911	65,912	66,912	67,917	748,900
Funds	$ 70,935	$ 72,051	$ 73,169	$ 74,284	$ 75,399	$ 76,517	$ 77,632	$ 78,747	$ 79,865	$ 80,985	$ 82,105	$ 83,211	$ 924,900
Total													
ST INCOME FROM MORTGAGE OPERATIONS													
Non-affiliated Companies:	$ 8,333	$ 8,333	$ 8,334	$ 8,333	$ 8,333	$ 8,334	$ 8,333	$ 8,333	$ 8,334	$ 8,333	$ 8,333	$ 8,334	$ 100,000
Premiums on Mortgages Sold	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
Participation Projects	103,917	103,917	103,916	103,917	103,917	103,916	103,917	103,917	103,916	103,917	103,917	103,916	1,247,000
Misc. Income													
Affiliated Companies:													
Mortgage Service Fees:	31,750	32,975	33,825	34,725	35,625	36,525	37,425	38,325	39,225	40,125	41,025	41,950	448,500
Investors Syndicate of America	8,000	8,061	8,121	8,181	8,242	8,302	8,363	8,424	8,486	8,546	8,607	8,667	100,000
I. S. T. & G. Co.													
New Loan Fees:	36,917	36,916	36,917	36,917	36,916	36,917	36,916	36,917	36,917	36,917	36,916	36,917	443,000
Investors Syndicate of America	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
I. S. T. & G. Co.													
Total Income	$ 206,417	$ 207,702	$ 208,613	$ 209,573	$ 210,533	$211,494	$ 212,454	$213,416	$ 214,378	$ 215,338	$ 216,298	$ 217,258	$ 2,543,500
Less Loan Agency Expense:	$ 20,833	$ 20,833	$ 20,834	$ 20,833	$ 20,833	$ 20,834	$ 20,833	$ 20,833	$ 20,834	$ 20,833	$ 20,833	$ 20,834	$ 250,000
Commissions & Premiums Paid	104,167	104,167	104,166	104,167	104,167	104,166	104,167	104,167	104,166	104,167	104,167	104,166	1,250,000
Other Loan Agency Expense	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$125,000	$ 125,000	$125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 1,500,000
Total Loan Agency Expense	$ 81,417	$ 82,702	$ 83,613	$ 84,573	$ 85,533	$ 86,494	$ 87,454	$ 88,416	$ 89,378	$ 90,338	$ 91,298	$ 92,258	$ 1,043,500
Net Income													
CERTIFICATE SERVICING INCOME	$ 53,468	$ 52,952	$ 52,404	$ 51,856	$ 51,308	$ 50,760	$ 50,212	$ 49,664	$ 49,116	$ 48,568	$ 48,020	$ 47,472	$ 605,800
Collection Revenue	1,450	1,353	1,256	1,159	1,062	965	869	771	674	577	480	384	11,000
Subsequent Years Loading	8,000	8,250	8,350	8,550	8,700	8,850	9,100	9,300	9,500	9,700	10,000	10,000	108,500
Cert. Collection Fees from I.S.A.	13,000	12,724	12,448	12,172	11,896	11,620	11,344	11,068	10,792	10,516	10,240	9,964	137,800
Reserve Recoveries - Surrenders	$ 75,918	$ 75,279	$ 74,458	$ 73,737	$ 72,966	$ 72,195	$ 71,525	$ 70,803	$ 70,082	$ 69,361	$ 68,740	$ 68,036	$ 863,100
Total Income	32,000	31,637	31,274	30,911	30,548	30,185	29,822	29,459	29,096	28,733	28,370	27,965	360,000
Less Direct Cert. Servicing Costs	$ 43,918	$ 43,642	$ 43,184	$ 42,826	$ 42,418	$ 42,010	$ 41,703	$ 41,344	$ 40,986	$ 40,628	$ 40,370	$ 40,071	$ 503,100
Net Income													
GENERAL AND ADMINISTRATIVE EXPENSES - PROPORTION	$ (165,000)	$ (167,980)	$ (170,960)	$ (173,940)	$ (176,920)	$179,900)	$ (182,880)	$185,860)	$(188,840)	$ (191,820)	$ (194,800)	$ (197,800)	$ (2,176,700)
NET INCOME FROM INVESTMENTS													

[fol. 1643]

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA
PROJECTED CONDENSED NET INCOME STATEMENT FOR THE YEAR 1949, BY MONTHS, INCLUDING THE NET INCOME OF SUBSIDIARIES BEFORE PROFIT OR LOSS FROM SALE OF INVESTMENTS AND INCOME TAXES

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Underwriting Income													
Investors Syndicate of America, Inc.	$ 347,527	$ 371,428	$ 400,496	$ 400,496	$ 459,925	$430,210	$ 400,496	$371,428	$ 400,496	$ 430,210	$ 459,925	$ 461,863	$ 4,934,500
Funds	160,223	171,243	184,644	210,107	272,768	226,437	210,107	194,131	210,105	226,436	272,768	273,831	2,612,800
Total Income	$ 507,750	$ 542,671	$ 585,140	$ 610,603	$ 732,693	$656,647	$ 610,603	$565,559	$ 610,601	$ 656,646	$ 732,693	$ 735,694	$ 7,547,300
Underwriting Commissions Paid:													
Investors Syndicate of America, Inc.	$ 215,862	$ 230,708	$ 248,763	$ 248,763	$ 285,676	$267,219	$ 248,763	$230,708	$ 248,763	$ 267,219	$ 285,676	$ 286,830	$ 3,065,000
Funds	101,064	108,015	116,468	129,455	168,063	139,517	129,455	119,612	129,454	139,516	168,063	168,718	1,617,400
Other Direct Underwriting Expense	65,000	67,250	69,460	71,690	73,920	76,150	78,380	80,610	82,840	85,070	87,300	89,530	927,200
Gen. and Adm. Expense - Prop.	42,500	43,257	44,015	44,772	45,530	46,287	47,045	47,802	48,560	49,317	50,075	50,840	560,000
Total Expense	$ 424,426	$ 449,210	$ 478,706	$ 494,680	$ 573,189	$529,173	$ 503,643	$478,732	$ 509,617	$ 541,122	$ 591,114	$ 595,388	$ 6,169,600
Net Income	$ 83,324	$ 93,461	$ 106,434	$ 115,923	$ 159,504	$127,474	$ 106,960	$ 86,827	$ 100,984	$ 115,524	$ 141,579	$ 139,706	$ 1,377,700
NET INCOME FROM OPERATIONS													
Investments, Management, Mortgage Operations and Certificate Servicing	$ (219,020)	$ (87,235)	$ (47,056)	$ (58,006)	$ (77,384)	$ 45,576	$ (20,790)	$ (4,530)	$ 4,403	$ (114,339)	$ (212,055)	$ (220,864)	$ (1,011,300)
Underwriting Fees	83,324	93,461	106,434	115,923	159,504	127,474	106,960	86,827	100,984	115,524	141,579	139,706	1,377,700
Net Income before profit on Sale of Investments and Provision for Income Taxes	$ (135,696)	$ 6,226	$ 59,378	$ 57,917	$ 82,120	$173,050	$ 86,170	$ 82,297	$ 105,387	$ 1,185	$ (70,476)	$ (81,158)	$ 366,400
Share of Subsidiaries earnings from Operations	56,468	64,168	98,965	62,718	70,317	103,265	64,868	73,567	107,215	71,867	80,316	114,266	968,000
Net Income & share of Subsidiaries earnings before profit on sale of Investments & Provision for Income Taxes	$ (79,228)	$ 70,394	$ 158,343	$ 120,635	$ 152,437	$276,315	$ 151,038	$ 155,864	$212,602	$ 73,052	$ 9,840	$ 33,108	$ 1,334,400

[fol. 1644]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 245—ID.

	1950		1952	1953	1954
Investment Income (Schedule 1)	$12,300,000				
Certificate Servicing Income (Schedule 2)	600,000				
Management Income (Gross) (Schedule 3)	1,200,000				
Dividends from Subsidiary Co.	500,000				
Mortgage Operating Income - Net (Schedule 4)	9,000,000				
Corporation Financing Fees	20,000				
Total					
Less: Certificate Liquidation Costs (Schedule 5)					
Other Direct Expense (Schedule 2)					
General & Administrative Expense Prop. (Schedule 1)					10,990,000
Net Income from Investments, Management, Certificate Servicing and Mortgage Operations					
Underwriting Income (Schedule 3)					
Underwriting Commission - Gross (Schedule 3)					
Underwriting Income - Net					
Less: Direct Expense (Schedule 3)					
General & Administrative Expense Prop. (Schedule 1)					
Total Expense					
Net Income from Underwriting					
I.D.S. Net Income before Profit or Loss on Sale of Investments and Income Taxes	$ 5,641,150	$ 2,818,200	$ 1,693,000	$ 3,316,000	
Earnings of Subsidiaries before Profit or Loss on Sale of Investments and Income Taxes (Schedule 3)	$ 1,499,700	$ 1,789,600	$ 2,151,500	$ 2,594,500	$ 3,127,750
Net Income and Earnings of Subsidiaries before Profit or Loss on Sale of Investments and Income Taxes	$ 7,140,850	$ 4,607,800	$ 3,850,500	$ 5,910,500	$ 5,965,750

Total Income	[illegible]	[illegible]	[illegible]	[illegible]	72,966	72,193	71,525	70,803	70,082	69,361	68,640	68,056	863,100
Less Direct Cert. Servicing Costs	32,000	31,637	31,274	30,911	30,548	30,185	29,822	29,459	29,096	28,733	28,370	27,965	360,000
Net Income	$ 43,918	$ 43,642	$ 43,184	$ 42,826	$ 42,418	$ 42,010	$ 41,703	$ 41,344	$ 40,986	$ 40,628	$ 40,270	$ 40,071	$ 503,100
GENERAL AND ADMINISTRATIVE EXPENSES - PROPORTION	$ (165,000)	$ (167,980)	$ (170,960)	$ (173,940)	$ (176,920)	$ (179,900)	$ (182,880)	$ (185,860)	$ (188,840)	$ (191,820)	$ (194,800)	$ (197,800)	$ (2,176,700)
NET INCOME FROM INVESTMENTS MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING	$ (219,020)	$ (87,235)	$ (47,056)	$ (58,006)	$ (77,384)	$ 45,576	$ (20,790)	$ (4,530)	$ 4,403	$ (114,339)	$ (212,055)	$ (220,864)	$ (1,011,300)

4-12-49

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

[fol. 1645]

SCHEDULE I

PROJECTED INVESTMENT INCOME AND CAPITAL AND RESERVE REQUIREMENTS
FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Investment Income (Exhibit H)					
Mortgages (1)	$ 9,621,500				
Bonds & Stocks (2)	2,066,000				
Certificate Loans (3)	228,000				
Notes Receivable from Subs. (4)	80,000				
TOTAL	$12,015,100				$8,312,100

(1) Mortgages @ 4.6% 1950 and 1951; 4.5% thereafter
(2) Bonds & Stocks @ 3.9% all years
(3) Certificate Loans @ 5.0% all years
(4) Notes Receivable @ 4.5% for all years

	1950	1951	1952	1953	1954
Investment and Servicing - Proportion	$ 2,438,600				
Management - Proportion	827,000				
TOTAL	$ 3,265,600				
Underwriting - Proportion	700,000				
TOTAL	$ 3,965,600				

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

[fol. 1646]

SCHEDULE 2

PROJECTED CERTIFICATE SERVICING INCOME AND COSTS FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Certificate Servicing Income					
Collection Reserves (Schedule 6)	$520,300	$458,700	$390,000	$313,700	$244,700
Subsequent Years Loading	7,500	5,000	3,500	2,500	1,700
Certificate Collection Fees for I.S.A.	193,700	134,800	114,000	90,400	160,000
Reserve Recoveries on Surrenders (Schedule 6)	180,400	149,700	117,400	88,100	62,500
TOTAL	$831,900	$747,200	$655,700	$556,700	$468,900
Direct Certificate Expense					
Collection Agency Expense - Prop.	$260,900	$249,700	$246,700	$242,000	$238,500
Collection and Exchange	12,700	11,500	10,100	8,500	6,800
Depositary Fees	65,400	61,000	55,900	47,800	40,000
[redacted]	23,000	21,000	18,000	15,000	12,000
TOTAL	$362,000	$343,200	$330,700	$313,300	$297,300

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

[fol. 1647]

PROJECTED UNDERWRITING INCOME, COMMISSIONS AND EXPENSE, MANAGEMENT INCOME AND EARNINGS OF SUBSIDIARY COMPANIES
FOR THE YEARS 1951 THROUGH 1954

SCHEDULE 3

		1950		1951	1952	1953	1954
Underwriting Income	Underwriting Fees						
Investors Syndicate of America, Inc.	4,633	$4,514,400	4,713	$4,786,700	$4,763,600	$4,812,000	$4,859,000
Investment Trusts	3,714	3,300,000	4,272	3,300,000	3,300,000	3,300,000	3,300,000
Gross Underwriting Income	8,347	$7,814,400	8,985	$8,086,700	$8,063,600	$8,112,000	$8,159,000
Underwriting Commissions	Commissions						
Investors Syndicate of America, Inc.		$2,798,900		$2,967,750	$2,953,450	$2,983,450	$3,012,000
Investment Trusts		2,079,450		2,079,450	2,079,450	2,079,450	2,079,450
Gross Underwriting Commissions	5,217	$4,878,350	5616	$5,047,200	$5,032,900	$5,062,900	$5,091,450
Other Direct Expense - Underwriting							
Provision for Incentive Pay	200	$ 290,000	200	$ 290,000	$ 290,000	$ 290,000	$ 290,000
Sales Agency Fees		214,000		202,500	200,000	196,700	193,000
Regional Managers Expense		180,000		180,000	180,000	185,000	190,000
Sales Promotion Convention & Advertising		260,000		270,000	280,000	290,000	300,000
Total		$ 944,000		$ 942,500	$ 950,000	$ 961,700	$ 973,000
Management Income							
Investors Syndicate of America, Inc.		$ 148,500		$ 161,000	$ 184,500	$ 210,500	$ 238,500
Investors Syndicate Title & Guaranty		15,000		15,000	15,000	15,000	15,000
Investors Syndicate of Canada, Ltd.		60,000		67,000	74,000	81,000	88,000
Investment Trusts		1,025,300		1,172,100	1,311,600	1,444,100	1,570,000
Total Management Income		$1,248,800		$1,415,100	$1,585,100	$1,750,600	$1,911,500
Earnings of Subsidiary Companies Before Profit or Loss on Sale of Investments and Income Taxes							
Investors Syndicate of America, Inc.		$ 236,700		$1,205,600	$1,505,500	$1,810,000	$1,957,000
Investors Syndicate of Canada, Ltd.		208,000		369,000	441,000	534,000	581,000
Investors Syndicate Title & Guaranty Co.		200,000		200,000	200,000	200,000	200,000
Miscellaneous Subsidiary Companies		75,000		15,000	15,000	15,000	15,000
Total		$1,499,700		$1,789,600	$2,161,500	$2,559,500	$2,753,000

1647

INVESTORS DIVERSI[illegible] SERVICES, INC.
[illegible] DIVISION
PROJECTED MORTGAGE OPER[illegible] INCOME FOR THE
YEARS 1950 [illegible] 1954

[fol. 1648]

SCHEDULE b

1125

	1950		[illegible]		1952		1953		1954	
[illegible] Income										
Non-Affiliated Companies										
Fees and Commissions (1)	$5,301,400		[illegible]		$1,522,400		$1,508,800		$1,466,900	
Premiums on Mortgages Sold	400,000	$5,701,400	[illegible]	[illegible]	-0-	1,522,400	-0-	$1,508,800	-0-	$1,466,900
Affiliated Companies										
Mortgage Service Fees										
Investors Syndicate of America, Inc.	$ 527,000		$ [illegible]		$ 750,000		$ 542,000		$ 743,000	
Investors Syndicate Title & Guaranty	100,000	627,000	[illegible]	[illegible]	120,000	870,000	130,000	672,000	350,000	1,093,000
New Loan Fees										
Investors Syndicate of America, Inc.	$ 579,000		$ [illegible]		$ 522,000		$ 516,000		$ 551,000	
Investors Syndicate Title & Guaranty	60,000	639,000	[illegible]	[illegible]	60,000	582,000	60,000	576,000	30,000	721,000
Total Income		$7,967,000		[illegible]		[illegible]		[illegible]		[illegible]
[illegible] Expense - Direct										
Loan Agency Operating Costs	$1,595,000		$[illegible]		$[illegible]		$[illegible]		$[illegible]	
Premiums-Non-Affiliates	50,000		-0-		-0-		-0-		-0-	
Premiums-Affiliates	150,000		[illegible]		150,000		150,000		150,000	
Cancellation Fee-Non-Affiliates	200,000		[illegible]		-0-		-0-		-0-	
FHA Commitment Fees	350,000		[illegible]		-0-		-0-		-0-	
Losses-Participation Projects	300,000	2,595,000	[illegible]	[illegible]	-0-	1,700,000	-0-	1,650,000	-0-	1,650,000
Mortgage Operation Net Income		$5,372,900		[illegible]		$1,263,400		$1,506,800		$1,630,900
Fees and Commissions - Non-Affiliated Companies										
Construction Loan Fees	$5,500,000		$[illegible]		$ 500,000		$ 500,000		$ 500,000	
Service Fees	392,500		[illegible]		592,000		556,700		404,600	
Insurance Commissions	250,000		[illegible]		300,000		325,000		350,000	
Pay-off Penalties	43,900		[illegible]		40,400		37,100		32,300	
Management Fees	35,000		[illegible]		10,000		10,000		10,000	
Miscellaneous Income	80,000		[illegible]		80,000		80,000		80,000	
TOTAL	$6,301,400		$3,[illegible]		$1,522,400		$1,508,800		$1,466,900	

INVESTORS DIVERSIFIED
MINNEAPOLIS,

PROJECTED COST OF
FOR THE YEARS 19

	1960
Installment Certificates (Periodic only)	$12,2[illegible]
Installment Certificates (Unlimited Maturity)	
Paid Up Certificates	19[illegible]
Optional Settlement	27[illegible]
Coupon Certificates	10,000
Advance Payments	330,000
Additional Credits on Series "C" (Int. only)	7,000
Additional Credits on Series "C" (Cost of)	-
TOTAL	$12,960,400

[fol. 1649]

...ED SERVICES, INC.
...LIS, MINNESOTA

OF CERTIFICATE MONEY
S 1950 THROUGH 1954

1957	1956	1955	1954
$12,438,000	$11,444,400	$10,303,900	$8,658,200

[fol. 1650]

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

PROJECTED CERTIFICATE CASH RECEIPTS, COLLECTION REVENUE AND RESERVE RECOVERIES
AND THE YEARS 1950 THROUGH 1954

	1950		1951	1952	1953	1954
Certificate Cash Receipts						
Installment Certificates	$18,000,000		$15,800,000	$13,300,000	$10,400,000	$7,800,000
Extended Maturities	4,000		71,700	223,700	434,000	667,800
Total	$18,004,000		$15,871,700	$13,523,700	$10,834,000	$8,467,800
Less: Reduction for Application of Advance Payments on Installment Certificates	1,344,400		1,651,200	1,715,900	2,006,100	1,796,500
Net Certificate Receipts	$16,659,600	15,536 13240	$14,220,500	$11,807,700	$ 8,827,900	$6,671,300
Collection Revenue						
Installment Certificates	$ 520,200		$ 456,600	$ 384,400	$ 300,600	[illegible]
Extended Maturities	100		2,100	6,300	13,100	[illegible]
Total	$ 520,300		$ 458,700	$ 390,800	$ 313,700	$ [illegible]
Reserve Recoveries						
Installment Certificates	$ 180,400		$ [illegible]	$ [illegible]	$ 88,100	$ 62,500

[illegible]

[fol. 1651]

EXHIBIT A

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash	$ 7,500,000	[illegible]	$ 7,500,000	$ 1,000,000	$ 7,500,000
Mortgages (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bonds & Stocks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Certificate Loans	11,500,000	[illegible]	10,600,000	9,150,000	7,825,000
Notes Receivable from Subsidiary Companies	1,000,000	1,000,000	[illegible]	1,000,000	1,000,000
Investment and Accounts Receivable from Subsidiary Companies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All other Assets (1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL	$291,308,050	[illegible]	$255,244,050	$224,439,050	[illegible]

(1) Basis 1.13% of total assets plus current years excess or decrease of estimated earnings

(2) Basis Mortgages and Bonds and Stocks split 80% - 20% of balance of invested assets for all years.

[fol. 1652]

EXHIBIT D

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

CALCULATION OF TOTAL PROJECTED ASSETS FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Total Liabilities and Reserves (Exhibit C)	$283,189,400	$266,224,900	$241,181,700	$207,366,400	$174,346,700
Capital Stock	1,453,700	1,453,700	1,453,700	1,453,700	1,453,700
Reserve for Contingencies (Prev. Yr. End)	1,708,600	6,616,350	9,959,750	12,618,350	15,589,650
Earnings of Subsidiary Companies	929,800	1,109,600	1,340,100	1,484,600	1,709,900
Estimated Investors Diversified Services, Inc. Net Income	4,250,000	2,000,000	1,300,000	1,500,000	1,700,000
Total Estimated Assets	$291,531,500	$274,604,550	$255,235,250	$224,423,050	$194,799,950
Adjustment for Earnings	(223,450)	18,200	8,800	16,000	57,850
Projected Assets - End of Year	$291,308,050	$274,622,750	$255,244,050	$224,439,050	$194,857,800

[fol. 1653]

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

PROJECTED LIABILITIES AND NET WORTH FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Installment Certificates (to Maturity only)	$252,879,000	$232,523,600	$204,640,700	$161,003,200	$119,332,600
Installment Certificates (Extended Maturity)	91,300	1,700,900	5,340,500	10,966,900	16,597,400
Paid Up Certificates	4,416,600	4,089,600	3,728,900	3,347,200	2,956,600
Suspended - With Reserve	458,000	529,500	545,800	525,400	483,000
Optional Settlements	4,090,800	6,390,600	11,219,000	18,017,100	23,412,900
Coupon Certificates	405,000	384,700	365,500	234,000	4,300
Advance Payments	12,100,500	10,449,200	8,733,300	6,707,100	4,910,600
Additional Credits	269,100	262,600	253,500	241,800	202,600
Total Certificate Liabilities	$274,710,300	$256,330,700	$234,827,200	$201,042,700	$167,900,000
Other Certificate Reserves	4,599,400	4,429,100	4,299,400	4,158,600	4,031,600
Other Liabilities & Deferred Income	3,879,700	2,465,100	2,055,100	2,165,100	2,445,100
Total Liabilities & Reserves	$283,189,400	$263,224,900	$241,181,700	$207,366,400	$174,376,700
Capital Stock	$ 1,453,700	$ 1,453,700	$ 1,453,700	$ 1,453,700	$ 1,453,700
Reserve for Contingencies	6,816,350	9,959,750	12,618,350	15,589,650	19,057,400
Total Capital Stock & Reserve for Contingencies	$ 8,270,050	$ 11,413,450	$ 14,072,050	$ 17,043,350	$ 20,511,100
TOTAL	$291,459,450	$274,638,350	$255,253,750	$224,409,750	$194,857,800
Adjustment for Income Tax Reserve	(151,300)	(15,600)	(9,700)	29,300	
TOTAL	$291,308,050	$274,622,750	$255,244,050	$224,439,050	$194,857,800

[fol. 1654]

EXHIBIT D

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

PROJECTED MATURITY VALUE OF ALL TYPES OF CERTIFICATES FOR THE YEARS 1951 THROUGH 1954

	1950	1951	1952	1953	1954
Installment Certificates (to Maturity only)	$395,736,600	$342,597,600	$286,335,100	$219,504,600	$161,004,600
Installment Certificates (Extended Maturity)	91,300	1,700,900	5,340,500	10,966,900	16,597,400
Paid Up Certificates	5,386,100	4,897,500	4,387,000	3,969,600	3,359,800
Suspended with Reserve	458,000	529,500	545,800	525,400	483,100
Optional Settlements	4,090,900	6,390,600	11,219,100	18,017,100	23,412,900
Coupon Certificates	405,000	384,700	365,500	234,100	4,300
TOTAL	$407,167,900	$356,500,800	$308,193,000	$253,517,700	$204,852,100

[fol. 1655]

EXHIBIT S

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

COMPARISON OF ESTIMATED INSTALLMENT CERTIFICATE LIABILITIES AND MATURITY AMOUNT OF INSTALLMENT CERTIFICATES IN FORCE FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Installment Certificate Liabilities (Exhibit D) (to Maturity only)	$252,679,000	$282,523,300	$296,640,700	$[illegible],003,200	$319,332,600
Installment Certificates Maturity Value (to Maturity only) (Exhibit E)	$396,736,600	$342,597,600	$286,335,100	$219,904,600	$161,004,600
Liability Value per $1,000 of Maturity Value Outstanding	$ 637	$ 679	$ 715	$ 732	$ 741

[fol. 1656]

EXHIBIT F

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

DETAIL OF OTHER CERTIFICATE RESERVES AND OTHER LIABILITIES
AND DEFERRED INCOME PROJECTED
FOR THE YEARS 1950 THROUGH 1954

	1950	1951	1952	1953	1954
Other Certificate Reserve					
Special Certificate Reserve	$3,500,000	$3,900,000	$4,300,000	$4,700,000	$5,000,000
Reserve for Adjustment Due to Change in Method of Payment	600,000	500,000	340,000	200,000	235,000
Reserve for Death & Disability	150,000	115,000	65,000	30,000	20,000
Reserve for Expense - Series C & G	256,900	209,100	165,400	125,000	89,000
Reserve for Reinstatements	7,500	5,000	4,000	3,000	2,000
Unlocated Certificate Holders	85,000	100,000	135,000	150,000	165,000
Total	$4,599,400	$4,429,100	$4,209,400	$4,158,000	$4,091,000
Other Liabilities & Deferred Income					
Current Payables	$ 745,400	$ 745,400	$ 745,400	$ 745,400	$ 745,400
Incentive Pay Bonus	266,300	266,300	266,300	266,300	265,300
Reserve for Taxes & Fees	2,114,600	1,300,000	800,000	1,000,000	1,250,000
Suspense	16,100	16,100	16,100	16,100	16,100
Deferred Income	600,000	-0-	-0-	-0-	-0-
Notes Payable - Alleghany Co.	137,300	137,300	137,300	137,300	137,300
Total	$3,879,700	$2,465,100	$2,055,100	$2,165,100	$2,413,100

[fol. 1657]

EXHIBIT C

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

CALCULATION OF PROJECTED CAPITAL AND ADMINISTRATIVE EXPENSE FOR THE YEARS 1950 THROUGH 1954

	1949	1950	1951	1952	1953
Investment and Servicing Gross Income - Projected					
Investment Income (Schedule 1)	$12,326,100	$11,207,500	$10,639,900	$9,705,100	$ 9,318,100
Certificate Servicing Income (Schedule 2)	851,900	847,200	695,700	593,700	805,500
Mortgage Operations - Net (Schedule 3)	5,372,900	5,825,200	1,263,000	1,506,800	1,630,900
Corporation Financing (Exhibit A)	20,000				
Total	$18,550,900	$17,879,900	$12,778,600	$11,805,600	$11,811,900
Investment & Certificate Servicing (2)	$ 2,191,600	$ 1,980,400	$ 1,651,200	$ 1,529,900	$ 1,[illegible]
Management (2)	437,000	493,000	540,100	597,100	639,200
Underwriting (3)	700,000	750,000	800,000	850,000	900,000
Total	$ 3,328,600	$ 3,230,200	$ 3,009,300	$ 2,977,300	$ 2,[illegible]

(1) Basis - 13% of Gross Investment and Servicing Income (1950
(2) Basis - Increase 1950 15% over 1949; subsequent years income 13%, 11%, 9% & 7%
(3) Income 50,000 each year

[fol. 1658]

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

CALCULATION OF PROJECTED INVESTMENT INCOME FOR THE YEARS 1950 THROUGH 1954

	1950		1951		1952		1953		1954	
	Average Balance	Projected Income	Average Balance	Projected Income	Balance	Projected Income	Average Balance	Projected Income	Average Balance	Projected Income
Mortgages (1)	$209,163,100	$ 9,621,500	$202,146,750	$ 9,298,800	$187,172,400	$ 8,422,800	$167,036,750	$7,516,700	$148,208,025	$6,669,400
Bonds & Stocks (2)	52,994,000	2,066,800	50,536,700	1,970,900	46,793,125	1,824,900	41,759,200	1,628,600	35,802,025	1,396,300
Certificate Losses (3)	11,400,000	592,800	11,400,000	592,800	10,900,000	566,800	9,900,000	514,800	8,200,000	426,400
Notes Rec. from Subs. (4)	1,000,000	45,000	1,000,000	45,000	1,000,000	45,000	1,000,000	45,000	1,000,000	45,000
		$12,326,100		$11,907,500		$10,859,500		$9,705,100		$8,312,100

(1) Mortgages @ 4.6% 1950 & 51 - 4.5% thereafter

(2) Bonds and stocks @ 3.9% all years

(3) Certificate loans @ 5.2% all years

(4) Notes Receivable @ 4.5% for all years

PLEASE RETURN TO GENERAL ACCTG. DEPT. REPORT FILE

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA

PROJECTED CONDENSED NET INCOME STATEMENT FOR THE YEAR 1950, BY MONTHS, INCLUDING THE UNDISTRIBUTED NET INCOME OF SUBSIDIARIES BEFORE PROFIT OR LOSS FROM SALE OF INVESTMENTS AND INCOME TAXES

PLEASE RETURN TO GENERAL ACCTG. DEPT. REPORT FILE

	January	February	March	April	May	June	July	August	September	October	November	December	Total
INVESTMENT INCOME	$1,009,014	$1,008,683	$1,068,350	$1,008,017	$1,007,684	$1,067,351	$1,007,017	$1,006,684	$1,066,351	$1,006,018	$1,005,685	$1,065,[illegible]	$12,326,000
LESS COST OF CERTIFICATE MONEY	1,228,662	1,064,929	1,098,706	1,067,782	1,041,991	989,041	1,021,504	954,563	1,012,173	1,094,536	1,190,388	1,235,725	13,000,000
Difference	$ 219,648	$ 56,246	$ 30,356	$ 59,765	$ 34,305	$ 78,310	$ 14,487	$ 52,121	$ 54,178	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]
DIVIDENDS ON STOCK OF SUBSIDIARY COMPANIES	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ -	$ -	$ -	$ -	$ -	$ 300,000	$ 500,000
INCORPORATION FINANCING FEES	$ 1,667	$ 1,667	$ 1,666	$ 1,667	$ 1,667	$ 1,666	$ 1,667	$ 1,667	$ 1,666	$ 1,667	$ 1,667	$ 1,665	$ 20,000
MANAGEMENT INCOME													
Investors Syndicate of America	$ 9,700	$ 10,200	$ 10,300	$ 11,000	$ 11,500	$ 12,000	$ 12,600	$ 13,100	$ 13,700	$ 14,200	$ 14,700	$ [illegible]	[illegible]
Investors Syndicate of Canada	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	[illegible]	[illegible]
I. S. T. & G. Co.	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	[illegible]	[illegible]
Plans	85,442	85,442	85,441	85,442	85,442	85,441	85,442	85,442	85,441	85,442	85,442	[illegible]	[illegible]
Total	$ 101,392	$ 101,892	$ 101,991	$ 102,692	$ 103,192	$ 103,691	$ 104,292	$ 104,792	$ 105,391	$ 105,892	$ 106,392	[illegible]	[illegible]
INCOME FROM MORTGAGE OPERATIONS													
Non-Affiliated Companies:													
Premiums on Mortgages Sold	$ 33,333	$ 33,333	$ 33,334	$ 33,333	$ 33,333	$ 33,334	$ 33,333	$ 33,333	$ 33,334	$ 33,333	$ 33,333	[illegible]	[illegible]
Comm. Loan Fees Earned	433,333	433,333	433,334	433,333	433,333	433,334	433,333	433,333	433,334	433,333	433,333	[illegible]	[illegible]
Ins. Commissions & Other Fees	66,783	66,783	66,784	66,783	66,783	66,784	66,783	66,783	66,784	66,783	66,783	[illegible]	[illegible]
Affiliated Companies:													
Mortgage Service Fees:													
Investors Syndicate of America	39,000	41,000	41,900	42,400	43,100	43,800	44,400	45,000	45,600	46,300	46,900	[illegible]	[illegible]
I. S. T. & G. Co.	8,333	8,333	8,334	8,333	8,333	8,334	8,333	8,333	8,334	8,333	8,333	[illegible]	[illegible]
Note Loan Fees:													
Investors Syndicate of America	48,292	48,292	48,291	48,292	48,292	48,291	48,292	48,292	48,291	48,292	48,291	[illegible]	[illegible]
I. S. T. & G. Co.	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	[illegible]	[illegible]
Total Income	$ 634,074	$ 636,074	$ 636,977	$ 637,474	$ 638,174	$ 638,877	$ 639,474	$ 640,074	$ 640,677	$ [illegible]	$ [illegible]	[illegible]	[illegible]
Loan Loan Agency Expense:													
Commissions & Premiums Paid	$ 16,667	$ 16,667	$ 16,666	$ 16,667	$ 16,667	$ 16,666	$ 16,667	$ 16,667	$ 16,666	$ 16,667	[illegible]	[illegible]	[illegible]
F.H.A. Commitment Fees	29,167	29,167	29,166	29,167	29,167	29,166	29,167	29,167	29,166	[illegible]	[illegible]	[illegible]	[illegible]
Servicing Contract Canc. Fees	16,667	16,667	16,666	16,667	16,667	16,666	16,667	16,667	16,666	[illegible]	[illegible]	[illegible]	[illegible]
Other Loan Agency Expense	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	128,750	[illegible]	[illegible]	[illegible]	[illegible]
Total Loan Agency Expense	$ 191,251	$ 191,251	$ 191,248	$ 191,251	$ 191,251	$ 191,248	$ 191,251	$ 191,251	$ 191,248	$ [illegible]	$ [illegible]	[illegible]	[illegible]
Net Income	$ 442,823	$ 444,823	$ 445,729	$ 446,223	$ 446,923	$ 447,629	$ 448,223	$ 448,823	$ 449,429	$ [illegible]	$ [illegible]	[illegible]	[illegible]
CERTIFICATE SERVICING INCOME													
Collection Revenue	$ 46,658	$ 46,058	$ 45,459	$ 44,858	$ 44,258	$ 43,659	$ 43,058	$ 42,458	$ 41,858	$ [illegible]	$ [illegible]	[illegible]	[illegible]
Subsequent Year Loading	790	760	730	700	670	640	610	580	550	520	490	[illegible]	[illegible]
Certificate Collection Fees from I.S.A.	8,900	[illegible]	9,300	9,500	9,800	10,000	10,200	10,800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reserve Recoveries - Surrenders	15,033	[illegible]	15,034	15,033	15,033	15,034	15,033	15,033	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Income	$ 71,381	$ [illegible]	$ 70,523	$ 70,091	$ 69,761	$ 69,333	$ 68,901	$ 68,671	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]
Less Direct Certificate Servicing Cost	30,167	[illegible]	30,166	30,167	30,167	30,166	30,167	30,167	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Income	$ 41,214	$ 40,684	$ 40,357	$ 39,924	$ 39,594	$ 39,167	$ 38,734	$ 38,504	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]
GENERAL AND ADMINISTRATIVE EXPENSES - PROPORTION	$ 200,000	$ [illegible]	$ 205,712	$ 208,573	$ 211,430	$ 214,286	$ 217,142	$ 220,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS AND CERTIFICATE SERVICING	$ 167,448	$ 329,962	$ 353,672	$ 322,168	$ 345,639	$ 656,175	$ 361,284	$ 426,104	$ 426,280	$ 281,490	$ 183,217	[illegible]	[illegible]

4-14-50

IN THE UNITED STATES DISTRICT COURT
PLAINTIFFS' EXHIBIT No. 249—ID.

INVESTORS SYNDICATE
OF CANADA, LIMITED

HEAD OFFICE

WINNIPEG, CANADA

ANNUAL FINANCIAL REPORT

December 31, 1949

1661

INVESTORS DIVERSIFIED SERVICES, INC.
MINNEAPOLIS, MINNESOTA
PROJECTED CONDENSED NET INCOME STATEMENT FOR THE YEAR 1950, BY MONTHS, INCLUDING THE UNDISTRIBUTED NET INCOME OF SUBSIDIARIES BEFORE PROFIT OR LOSS FROM SALE OF INVESTMENTS AND INCOME TAXES

	January	February	March	April	May	June	July	August	September	October	November	December	Total
OPERATING INCOME													
From Investors Syndicate of America, Inc.	$ 324,067	$ 369,567	$ 415,466	$ 370,317	$ 395,467	$ 430,066	$ 313,317	$ 359,567	$ 355,816	$ 358,367	$ 415,317	$ 407,033	$ 4,514,400
From Funds	235,581	197,495	275,995	202,803	304,074	302,454	201,082	310,743	303,973	242,723	352,759	363,318	3,300,000
Total Income	$ 559,648	$ 567,062	$ 691,461	$ 573,120	$ 699,541	$ 732,520	$ 514,399	$ 670,310	$ 659,789	$ 603,090	$ 768,076	$ 770,351	$ 7,814,400
OPERATING EXPENSE													
Commission on Investors Syndicate of America Certs.	$ 200,919	$ 229,129	$ 257,586	$ 229,994	$ 245,163	$ 266,640	$ 194,255	$ 222,950	$ 220,604	$ 222,183	$ 257,493	$ 252,570	$ 2,798,900
Commissions on Fund shares	150,024	124,310	175,167	127,642	190,913	190,213	126,527	196,956	191,622	155,895	221,688	228,493	2,079,490
Other Direct Underwriting Expense	78,667	78,667	78,666	78,667	78,667	78,666	78,667	78,667	78,636	78,667	78,667	78,666	944,000
General and Adm. Expenses - Prop.	61,083	60,583	60,084	59,583	59,083	58,584	58,083	57,583	57,084	56,583	56,083	51,584	710,000
Total Expense	$ 490,693	$ 492,689	$ 571,503	$ 495,886	$ 573,826	$ 594,103	$ 457,532	$ 556,136	$ 547,976	$ 513,328	$ 613,931	$ 611,313	$ 6,532,390
Net Income from Underwriting	$ 68,955	$ 74,373	$ 119,958	$ 77,234	$ 125,715	$ 138,417	$ 56,867	$ 114,174	$ 111,813	$ 89,762	$ 154,145	$ 159,038	$ 1,281,610
OTHER ITEMS OF OPERATIONS													
Investment, Management, Mortgage	$ 107,446	$ 349,962	$ 353,672	$ 322,106	$ 341,653	$ 350,447	$ 321,[illegible]	$ 313,[illegible]	$ 310,[illegible]	$ 310,[illegible]	$ 310,[illegible]	$ 310,[illegible]	$ 3,[illegible]
Interest	68,955	74,373	119,958	77,234	125,715	138,417	56,867	114,174	111,813	89,762	154,145	159,038	1,281,610
Income before profit on Sale of Invest.	$ 176,401	$ 424,335	$ 473,630	$ 399,340	$ 467,368	$ 488,864	$ 378,[illegible]	$ 427,[illegible]	$ 422,[illegible]	$ 400,[illegible]	$ 464,[illegible]	$ 469,[illegible]	$ 4,[illegible]
Less: Provision for Income Taxes	36,401	104,335	113,630	99,340	117,368	138,864	78,[illegible]	127,[illegible]	122,[illegible]	100,[illegible]	114,[illegible]	119,[illegible]	1,[illegible]
Share of Subsidiaries undistributed earnings	140,000	320,000	360,000	300,000	350,000	350,000	300,000	300,000	300,000	300,000	350,000	350,000	3,720,000
Net Operations	142,955	145,463	183,913	163,764	146,458	[illegible]	168,484	155,528	157,[illegible]	163,[illegible]	185,[illegible]	[illegible]	[illegible]
Income & Share of Subsidiaries undistributed earnings before profit on sale of Investments	$ 282,955	$ 465,463	$ 543,913	$ 463,764	$ 496,458	$ 488,864	$ 468,484	$ 455,528	$ 457,[illegible]	$ 463,[illegible]	$ 535,[illegible]	$ 469,[illegible]	$ 4,[illegible]
Provision for Income Taxes	36,401	104,335	113,630	99,340	117,368	138,864	78,[illegible]	127,[illegible]	122,[illegible]	100,[illegible]	114,[illegible]	119,[illegible]	1,[illegible]
Net Income	$ 246,554	$ 361,128	$ 430,283	$ 364,424	$ 379,090	$ 350,000	$ 389,[illegible]	$ 327,[illegible]	$ 335,[illegible]	$ 363,[illegible]	$ 421,[illegible]	$ 350,[illegible]	$ 3,[illegible]

[fol. 1662]

REPORT OF THE PRESIDENT TO THE SHAREHOLDERS

In presenting the Balance Sheet for the year ending December 31, 1949, I am glad to report that the Company has again enjoyed a year of unprecedented growth and progress in all phases of its activities.

New investment certificates issued during the year amounted to $47,726,000 representing an increase in excess of 7% over the preceding year. It is the most productive year the Company has yet enjoyed and the maturity value of certificates outstanding is in excess of $174,000,000. This business is owned by some 47,000 individuals in all walks of life, enjoying variable incomes. These certificates all provide for annuity options certain in lieu of lump sum settlements, and are issued in denominations as low as $1,000 up to $200,000. The average size of certificate issued during the year was approximately $3,800.

The attainment of higher production that has taken place each succeeding year is not only a tribute to our field organization but is also a gratifying reflection of the public's acceptance of our services. Canadians are a self-reliant people and the increasing volume of annuities being issued in various forms is ample evidence that they want independent security apart from any Government-sponsored scheme. It is the policy of your Company to provide the best return possible to its certificate holders, consistent with safety and flexibility.

The increasing volume of new business and business in force is reflected in the growth of the Company's assets which increased $8,811,723 during the year and now stand at $33,357,497. These assets represent the savings of thousands of certificate holders, both large and small, and are invested in carefully selected First Mortgages, Government, Municipal and Corporation securities. Through the Company's investment and research facilities it is able to obtain a greater diversification of securities than would be possible for individual investors, and the channelling of such funds into productive enterprises is not only important in the maintenance of our economic progress but helps to sustain a high level of employment as well.

The security portfolio increased during the year by $3,652,000 or 41.8% to $12,379,311. The portfolio is well diversified and in good balance both as to industry and type.

It can be stated that the quality of the Company's security portfolio is of high grade. Not a single security is in default as to principal, interest or dividends, and the market value of securities owned as of December 31, 1949 was over $160,000

in excess of book value. During the year a net profit of $146,232 accrued from the sale of securities. This amount was transferred to contingent reserve for possible future losses on securities and now totals $316,504.

The yield on the Company's security portfolio dropped during the year from 3.87% a year ago to 3.63% at the end of the year. Two principal factors are responsible for this condition. A reversal in the downward trend in the price of high grade securities was witnessed during the year and in connection with the sale of common stocks carrying a relatively higher yield, the proceeds were re-invested in lower interest bearing securities.

First Mortgage investments increased $4,700,000 and now total $19,072,924. These mortgages are well distributed geographically and are also in good balance as to type. Conventional mortgage loans on homes make up 45% of the total, whereas National Housing Act loans represent 22% and the balance of 33% consists of well selected mortgages on apartment dwellings, commercial and industrial properties.

With respect to loans on commercial and industrial properties, such mortgages are largely the obligation of, or secured by leases of companies of unquestionable financial strength and national reputation.

The investment of new funds during the year was devoted principally to financing construction of new homes and apartments. The aggregate investment of the Company in such financing has helped to provide housing for approximately 4,000 families. Other mortgage funds and investments in corporate and municipal securities have contributed substantially to the expansion of our country's productive powers.

The investment in first mortgages has been maintained at approximately the same ratio as the year prior—being 57% of the Company's invested assets at the end of the year. In excess of 98% of such mortgages are on the amortization plan thus providing a regular flow of income at all times. Such mortgage investments have proven to be particularly suitable for the Company's requirements, and at the same time they provide a higher return than can currently be obtained on high grade corporate bonds or debentures.

Mortgage collections continue to be unusually favorable with less than 1% of the loans being more than 30 days' delinquent.

During the year a reserve was set up for possible future losses on mortgage investments calculated at the rate of 5% of mortgage interest collections. Such charge to profit and loss for the year amounted to $39,285.39 which is carried on the

[fol. 1664]

Balance Sheet as a contingent reserve for mortgages. The Dominion Income Tax Act allows as a deduction from income, a reasonable amount for doubtful loans and, therefore, no provision has been made for tax on this reserve.

The rate of earnings on the aggregate amount of invested assets showed some improvement at 4.179% at the year end as against 4.103% in 1948.

During the year deferred income increased by $264,398 and now totals $1,327,852. As emphasized in previous reports, this item serves as additional protection over and above legal certificate reserve requirements, and at the same time it is a very important factor in stabilizing the annual earnings of the Company.

You will, I am certain, also be glad to note that the Company's net earnings for the year amounted to $222,112 compared with $123,304 at the end of 1948. This profit is exclusive of provision for Dominion and Provincial income taxes and payment of additional credits of $86,454 which were payable and credited to certificates which attained an anniversary in 1949. It is also exclusive of the net profit on sale of securities. Earned surplus thus increased by the year's profit of $222,112 to $738,550, which resulted in capital stock and surplus of $992,300 at the year-end.

The various certificate reserves totalling $30,241,206 are the principal items on the liability side of the Balance Sheet. These reserves represent the certificate holders' equity in the funds of the Company and are maintained in accordance with legal requirements. Such reserves must always be kept at a level which together with future payments and interest earnings will assure prompt payment of all certificate obligations when due. However, as previously pointed out, it has been the Company's policy for the past several years to maintain reserves over and above statutory requirements in order to provide for possible future losses on securities and lower level of interest earnings.

The high level of business activity maintained in 1948 continued through 1949, although the past year has seen some far-reaching changes in the business climate. For many these changes have brought pressing problems, especially with respect to conditions and prospects in the export markets. The complexities of the international situation, climaxed by the currency devaluations last September, have over-shadowed the entire Canadian economic scene, heavily re-emphasizing our dependence on conditions beyond our own borders. On the other hand, domestic developments have had a good many healthy and re-assuring signs.

Although some prices have moved upward, others have moved downward in response to specific influences, including the effect of the recent realignment of exchange rates. For one thing, the threat of continuing inflation is no longer iminent, while at the same time we have thus far fortunately avoided a reverse cycle of deflation. A rapid return to substantially lower level of prices would likely cause grave dislocations, including drastic downward re-adjustment of incomes and a considerable measure of unemployment. Nevertheless, so far as domestic influences are concerned, there seems little basis for forced liquidation of a nature likely to induce a deflationary trend. While Canadian industries are geared to produce at the highest level in our nation's history, public purchasing power and the demand for goods and services still continue at high levels compared with any former period. Personal income has reached the highest scale of our time and personal savings and assets have been increasing in spite of the long and gradual rise in the cost of living which reached its peak last August.

On the whole, I think it can be said that progress in 1949 was attended with a high degree of stability, as evidenced by the fact that Canada is one of the few countries today that can still boast a substantial budget surplus.

But against this favorable record are some unfavorable conditions, the solution of which will test to the utmost the initiative and enterprise of both business and government. I refer principally to Canada's shortage of U.S. dollars and deficit in trade with the United States.

As in previous years, our production of goods and services for export made up approximately one-third of our net national product. It would seem clear, therefore, that our economy, and consequently our standard of living, is closely related to exports and imports. The fact that such a large portion of the total earnings of our people comes from international trade makes our economy extremely vulnerable to changes and conditions often generated outside our own borders.

As in previous years, Canada has continued selling more to the United Kingdom than we have bought from her, and conversely buying more from the United States than we were able to sell to that country. To some extent Canada has endeavored to facilitate this situation by loans to Great Britain and has also benefitted through the allocation of "Marshall Plan" dollars. However, such arrangements are only "stop gaps" at the best, and the real problem of bringing into proper balance our trade with the sterling area and the so-called hard currency countries must be faced forthwith.

[fol. 1666]

Turning from Canada's immediate foreign trade difficulties to her prospects over the next 10-20 years or longer, there is much to get enthusiastic about. Although Canada has for many years been recognized as a great agricultural nation, during the past ten years she has also developed into a great industrial nation. Today democratic United States and Canada are among the few nations that can produce more than they can consume. Indeed, Canada has almost everything a nation needs to become self-sustaining, and these things which we do not produce can be acquired by trade.

Canada has all the land required to be a great nation as well as abundant and varied resources embracing more than 500,000 square miles of fertile land and a great expanse of timber with more than one million square miles of forest. She also has limitless supplies of hydro-electric power as well as extensive fisheries and rich mineral deposits including the world's greatest resources of nickel, radium and asbestos. These natural resources have recently been augmented by discoveries of new rich oil fields in Western Canada and deposits of uranium and iron-ore, the extent of which have not yet been defined.

These sources of economic strength, combined with our production "know how" and the virility of the Canadian people, are noteworthy features in assessing the business trend over the next few years. Neither should we over-look the fact that with high levels of employment and wide distribution of income, the day-to-day capacity of over 13 million Canadians to absorb consumer goods and services is far greater than was thought possible a few years ago.

In so far as our own Company is concerned, it has now grown to a size where it is a factor of considerable importance in the economy and development of our society. However, in the future, as in the past, we must at all times be ready and willing to make such changes as may be necessary to serve our people in the best manner possible, and I have every confidence that we shall continue to discharge our duties with good credit to our customers and the Company itself.

In concluding this report I would like to pay well-deserving tribute to our Field Organization and staff in our branches and Head Office for the important parts that they have played in the growth and progress of our Company during the past year. Their untiring efforts and loyalty in the best interests of our customers and Company are our greatest assets and assure continuing good relations and success for our institution.

I wish also to acknowledge with thanks the able and generous assistance given to me by my fellow officers and directors in the administration of our Company's affairs.

BALANCE SHEET —

ASSETS

Cash on Hand and in Banks		$ 759,651.42
Investments		
Marketable Securities (Market Value $12,539,468.32)		12,379,311.22
Dominion of Canada bonds	$ 1,251,880.11	
Provincial and Provincial guaranteed bonds	1,716,821.05	
Municipal bonds	1,624,074.66	
Public Utility, Industrial, and other bonds	6,110,166.11	
Preferred stocks	897,924.43	
Canadian Bank stocks	219,999.51	
Common Stocks	558,445.35	
	$12,379,311.22	
Accrued Interest on Bonds and Dividends Receivable		112,484.29
First Mortgages on Real Estate		19,247,742.25
Loans to Certificate Holders		659,473.95
Northwest Mortgage Company, Limited (wholly-owned subsidiary)		784.89
Other Assets		198,049.97
		$33,357,497.99

We report that we have examined the books and accounts of Investors Syndicate of Canada, Limited, for the year ended December 31, 1949, and have obtained all the information and explanations which we have required. In our opinion the above Balance Sheet is properly drawn up so as to set forth fairly and truly the state of the Company's affairs as at December 31, 1949, according to the best of our information and the explanations given to us and as shown by the books of the Company. All the transactions of the Company that have come within our notice have been within the objects and powers of the Company to the best of our knowledge and belief.

(*Signed*) MILLAR, MACDONALD & CO.,
Chartered Accountants.

Winnipeg, Canada,
February 7, 1950.

[fol. 1668]

DECEMBER 31, 1949

LIABILITIES

Certificate Reserves (as required under the Company's certificates)*		$30,241,206.83
General Certificate Reserves	$24,071,484.74	
Payments made in advance	4,817,155.66	
Optional Settlement Annuity Reserves	548,803.04	
Paid Up Certificates	465,915.13	
Additional Credits on Certificates	260,234.07	
Termination of Certificates	72,293.96	
Unlocated Certificate Holders	5,320.23	
	$30,241,206.83	
Income Deferred to future years		1,327,852.63
Contingent Reserves —Marketable Securities		316,504.20
—Mortgages		39,285.39
Accounts Payable		148,737.88
Reserve for Taxes on First Mortgages		149,316.40
Reserve for Dominion and Provincial Taxes		74,118.02
Other Liabilities		68,175.68
Capital and Surplus		992,300.96
Authorized Capital—500,000 shares of $1.00 par value per share.		
Capital Stock issued and fully paid— 175,000 shares	$ 175,000.00	
Surplus paid in on Capital Stock	78,750.00	
Earned Surplus	738,550.96	
	$ 992,300.96	
		$33,357,497.99

**The Company maintains cash and qualified investments with an approved depositary, the Toronto General Trusts Corporation, under a deposit agreement which provides that the assets deposited shall be equal to not less than 100% of the Company's certificate liability and shall be held as security for the performance of the obligations of the Company to the owners of its investment certificates.*

The amounts of Deferred Income, Contingent Reserve (Marketable Securities and Mortgages), Capital and Surplus, represent protection to the certificate holders over and above Certificate Reserve requirements.

[fol. 1669]

INVESTORS SYNDICATE
OF CANADA, LIMITED

Head Office:
WINNIPEG, CANADA

EXECUTIVE OFFICERS

E. E. CRABB ——— *Chairman of the Board*
T. O. PETERSON ——— *President and General Manager*
J. K. BRUMELL ——— *Vice-Pres. and Gen. Sales Manager*
GARDNER ENGLISH ——— *Vice-President*
F. M. BOULTON ——— *Secretary*
C. E. ATCHISON ——— *Treasurer*

BOARD OF DIRECTORS

E. E. CRABB
Minneapolis

L. A. FORSYTH, K.C.
Montreal

D. W. LANG, K.C.
Toronto

BERTHOLD MONGEAU
Montreal

T. O. PETERSON
Winnipeg

ISAAC PITBLADO, K.C.
Winnipeg

R. W. PURCELL
Cleveland

DIVISIONAL OFFICES

CALGARY, Alta.
EDMONTON, Alta.
HAMILTON, Ont.
KELOWNA, B.C.
LONDON, Ont.
REGINA, Sask.
SASKATOON, Sask.
ST. JOHN, N.B.
MONTREAL, Que.
OTTAWA, Ont.
TORONTO, Ont.
VANCOUVER, B.C.
WINNIPEG, Man.

1669

PLAINTIFFS' EXHIBIT No. 257

ALLEGHANY CORPORATION
CHRYSLER BUILDING
NEW YORK 17, NEW YORK

September 16, 19

Dear Mr. Waag:

Many thanks for your letter of September 9, enclosing a list of statements and reports that are currently being sent to Mr. Purcell, together with one copy of each of the reports.

From now on I should like to receive all of these reports regularly: the IDS reports, numbered 1 to 13, inclusive; the ISA reports numbered 1 to 7, inclusive; the ISC reports 1 to 3, inclusive; the IST&G reports numbered 1 and 2; 100% Owned Subsidiaries reports numbered 1 and 2, and the Affiliated Fund Companies reports numbered 1 to 6, inclusive — although, as you suggest, the IDS Monthly Report of Mortgage Loan Agency Operations and Condition of First Mortgages by cities may be limited to the recap sheet covering total operations.

Following is a tabulation of the reports that should also be sent regularly to Mr. Kirby and/or Young:

		Mr. Young	Mr. Kirby
IDS			
1.	Detailed Comparative Balance Sheet & Statement of Net Income & Earned Surplus	✓	✓
2.	Summary of Operations	✓	✓
3.	Monthly Report of Purchases and Sales of Securities	✓	
4.	Detailed Comparative Trial Balance of Investment Securities	✓	
6.	Comparative New Business Productions by Companies — Current Week and Year-to-Date	✓	
8.	Comparative New Business Production and Representatives Turnover for Month and Year-to-Date	✓	✓
9.	Monthly Report of Loan Agency Operations, etc. (recap sheet only)	✓	✓
ISA			
2.	Summary of Operations	✓	✓
3.	Monthly Purchases and Sales of Investment Securities	✓	✓
4.	Detailed Trial Balance of Investment Securities Only	✓	
ISC			
2.	Monthly Summary of Operations	✓	✓
Affiliated Fund Companies			
4.	Detailed List of Investments by Industry Groups	✓	
6.	Purchases and Sales of Investments	✓	

Cordial personal regards.

Sincerely,

Charles Shipman

Mr. H. B. Waag, Vice President
Investors Diversified Services, Inc.
Minneapolis, Minnesota

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[fol. 1671] 1148

IN THE UNITED STATES DISTRICT COURT
PLAINTIFFS' EXHIBIT No. 262

INTER OFFICE COMMUNICATION

INVESTORS SYNDICATE

OFFICE: MINNEAPOLIS

DATE June 16, 1949

MEMORANDUM TO:

Chet Klopp

You will find attached a list of reports for

Investors Diversified Services, Inc.,
Investors Syndicate of America, Inc.
Investors Syndicate of Canada, Limited
Investors Syndicate Title & Guaranty Company
100% owned Subsidiaries

which should be forwarded to Mr. R. W. Purcell, 3600 Terminal Tower, Alleghany Corporation, Cleveland, Ohio.

In addition, the items No. 1 and 2 for IDS, ISA, IS of C and item 1 for IST&G Co., and item 1 and 2 for the 100% owned subsidiaries, should be forwarded to the following directors:

Mr. H. J. Guild
Brightwater Paper Company
Adams, Mass.

Mr. J. J. Anzalone
3600 Terminal Tower
Alleghany Corporation
Cleveland, Ohio

Will you see that the proper individuals are notified in order that these reports will be mailed as directed above.

N. B. Waag
Vice President & Controller

NBW:ER

1671

[fol. 1672]

Sent to Mrs. Price P.

INVESTORS DIVERSIFIED SERVICES, INC.

1. Detailed Comparative Balance Sheet & Statement of Net Income & Earned Surplu
2. Summary of Operations
3. Monthly Report of Purchases and Sales of Securities
4. Detailed Comparative Trial Balance of Investment Securities
5. Comparative Monthly Cash Report
6. Comparative New Business Productions by Companies - Current Week and Year-t
7. Weekly Sales Summaries by Regions
8. Comparative New Business Production and Representatives Turn-over for Month and Year-to-Date
9. Monthly Report of Mortgage Loan Agency Operations and Condition of First Mo by Cities (If this type of information should be furnished, suggest only th recap sheet covering total operations)
10. Weekly Summation of Participation Projects (Mortgages)
11. Weekly Mortgage Commitment Report
12. Summary of State Liabilities and Deposits
13. Trial Balance Installment Contract Liabilities

INVESTORS SYNDICATE OF AMERICA, INC.

1. Comparative Balance Sheet & Statement of Net Income & Earned Surplus
2. Summary of Operations
3. Monthly Purchases and Sales of Investment Securities
4. Detailed Trial Balance of Investment Securities Owned
5. Comparative Monthly Cash Report
6. Certificate Sales by State by Series, Monthly and Year-to-Date
7. Summary of State Liabilities and Deposits

ESTORS SYNDICATE OF . ADA, LTD.

Detailed Comparative Balance Sheet & Statement of Net Income & Earned Surplus

Monthly Summary of Operations

Monthly Cash Report

ESTORS SYNDICATE TITLE & GUARANTY COMPANY

Detailed Comparative Balance Sheet & Profit & Loss Statement

Monthly Cash Report

% OWNED SUBSIDIARIES

Consolidated Balance Sheet

Profit & Loss Statements - Jefferson Mortgage Corporation
Investors Funding Corporation
Investors Syndicate Limited

Mutual Fund Companies - Investors Mutual, Inc
Investors Stock Fund, Inc
Investors [illegible] Fund Inc

Detailed Comparative Balance Sheet & statement of net income & surplus.
Comparative cash report
Detailed Trial balance of investments
Detailed listing of investments by industry groups
Sales of Capital Stock by states
Purchases & sales of investments

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[fol. 1674]

IN THE UNITED STATES DISTRICT COURT
PLAINTIFFS' EXHIBIT NO. 274

May 12, 1950

Mr. R. W. Purcell
13514 Edgewater Drive
Lakewood, Ohio

Dear Bob:

Conforming to your note of May 10, I am enclosing two additional copies of the projections of IDS and ISA.

Incidentally, before I left for Greenbrier, I suggested to Norm Waag that these be kept under very close control because if given circulation, they might become the basis of over-optimism in the hands of brokers which in the long run, might do us some harm.

One item in this statement "Mortgage Operating Income", may be a little on the optimistic side. This is not true of 1950 where present commitments pretty well assure the fulfillment of our estimate. It may be only partially true of 1951 inasmuch as some of our firm commitments will run over into next year. From there on, however, this income in my opinion, is rather on the optimistic side.

On the other hand, the continued growth of our affiliated and subsidiary companies ought to result in some increase in management income over the figures given, and I believe too that underwriting income will exceed these estimates.

There is one thing to be said about these projections and that is in the main, they have been remarkably accurate. When I received it, I asked our accountants to give me a breakdown of the projection made at the beginning of 1949 compared with the actual results and it was remark-

ably accurate except as to mortgage operations. The projection on a consolidated basis indicated over-all profits of $1,334,000, exclusive of capital gains or losses. The actual figure was $2,597,000, the difference of $1,263,000 being accounted for by an under-estimate of mortgage operations of $908,000 and an under-estimate of subsidiary companies' earnings of $227,000.

I am also enclosing two extra copies of the projected net income by months for 1950. The distribution by months is rather difficult and will vary somewhat, although we are very sure that for the year in its entirety, the projections will be quite accurate. For example, construction loan fees earned have been spread evenly month-by-month throughout the year. We know, of course, that the taking down of these fees when projects are completed does not produce any such result. We will in all probability take considerably more credit in this account in the first six months of the year and correspondingly less in the last six months. The total for the year, however, I am sure, will be at least the $5,200,000 projected.

Yours very truly,

E. E. CRABB

EEC:EMM
Encs.

P.S. Inasmuch as you already have a copy of the enclosures mentioned in this letter, I am sending the two additional copies via regular mail to your office.

EEC

[fol. 1676]

IN THE UNITED STATES DISTRICT COURT
PLAINTIFFS' EXHIBIT No. 286

January 24, 1950

MEMORANDUM

To: J. J. Anzalone
H. J. Guild
R. W. Purcell
J. F. Twohy
Galen Van Meter

I am transmitting to you herewith memorandum from our Mortgage Division covering their projection of estimated profit and loss results for the year 1950 on the basis of commitments now in hand, plus a normal flow of construction volume through the remainder of 1950. This is being sent you prior to our meetings next week in order that you may familiarize yourself with this data in advance of any discussions.

A very hurried review indicates that the estimates lean to the conservative side. Assuming that we have a continuance of new building volume and of consumer demand through this year on about the same basis as 1949, and assuming too, no unpredictable developments of an unfavorable character, such as adverse weather, labor troubles, shortage of materials, or other factors that might increase costs to an abnormal extent, the estimates here should be realized by a comfortable margin.

There seems little in the present outlook to indicate any substantial change as to the costs and the supply of labor and materials in the building trades.

The one possible unfavorable development that might serve to reduce these estimates substantially would be that the supply of housing should overtake demand more quickly

than now appears likely. In our financing operation, particularly of these larger projects, we keep carefully in touch with the marketing conditions in order that we may slow down or completely discontinue further development in any one project in the event the market becomes "sticky".

This projection, coupled with the results for the year 1949 which we hope to have available by the end of this week, indicates the great value to our corporation of this particular department of our operations.

E. E. CRABB

EEC:hc
enc.

[fol. 1678]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 300

ALLAN P. KIRBY
17 DeHart Street
Morristown, New Jersey

December 20, 1948

Mr. Robert W. Purcell
Cleveland
Ohio

Dear Bob:

I have just completed a conversation with Mr. Shipman on the subject of INVESTORS SYNDICATE. He asked me what he was to tell you as to how I feel about the matter. I told him that while it looked like a very interesting proposition, it was so huge that I would not want to give any definite answer one way or the other without knowing a lot more than I do now and without thinking about it for a period of some time.

I also told him that he, you or someone else, would have to tell me how Alleghany is going to get its money, with a substantial profit, out of this enterprise before I would be too much interested. Income wouldn't be much good in getting our money out, and how are we going to tell how cooperative present management would be with us?

I now come to the point which is very important to me, and which I did not tell him. The responsibility attached to the controlling interest in an enterprise of this kind is so tremendous that I would, personally, hesitate to want to assume the reponsibility for the large amount of other people's money which is involved.

[fol. 1679]

Further than this, I want to go on record now, and have it clearly understood (and before we have even gotten to the point of knowing whether or not we are seriously interested, as it may have some bearing on the decision) that none of the funds of this company will ever be used in any way for the benefit of C. & O., our Cleveland interests, Pathe, or any other corporations in which we are financially interested. I am sure if anything of that kind happened, we could very easily open ourselves to lawsuits that could easily be the ruination of all of us, and I am not willing to take that risk.

Sincerely yours,

/s/ Allan P. Kirby

APK:O

[fol. 1680]

REPORT AND RECOMMENDATION ON INVESTORS SYNDICATE, INC.

To: Alleghany Corporation
Attention: R. W. Purcell, Vice Chairman
36th Floor—Terminal Tower
Cleveland, Ohio

We have been requested to make a report and recommendation on the desirability of Alleghany Corporation acquiring 85,660 shares of the common stock of Investors Syndicate, Inc., or 74.3% of the voting stock, which is 29.4% of the total amount of stock outstanding, including Class A.

I. Introduction

This report is prepared for you after exhaustive study of statistical data from numerous Services, together with the Company's Balance Sheets, prospectus, etc.; a search of the S. E. C. files in Washington; a visit to the sales office of Investors Syndicate, Inc. in Cleveland, and lengthy conversations with the Chairman of the Board of Investors Syndicate, Mr. Gamble.

Capitalization of Investors Syndicate, Inc. is as follows:

	Authorized Shares	Outstanding Shares
Class A ($5 par)	260,000	175,836
Common ($5 par)	140,000	114,908
	400,000	290,744

Common stock has one vote per share. Class A is non-voting but is identical with the common stock in all other respects.

Investors Syndicate, Inc. has been in continuous operation since 1894. It is a holding and operating company. This parent company has three principal subsidiaries: Investors Syndicate of America, Inc. (owned 100%), Investors Syndicate of Canada (owned 99.9%), and Investors Syndicate Title and Guaranty Company (owned 96.8%), and three affiliates which are Mutual Investment Trusts of the open-end type. In addition the Company operates a mortgage business, not only in its own name but also for the aforementioned subsidiaries. This Company has grown into an Empire within itself, with combined assets of over one-half billion dollars.

Investors Syndicate, Inc. has an experienced selling force of some 1700 people who: (1) market savings certificates for and in the names of Investors Syndicate of America, Investors Syndicate of Canada and Investors Syndicate Title and Guaranty Company; (2) act as sole distributors for the shares of the open-end investment company affiliates; (3) perform miscellaneous other selling services.

Secondly, Investors Syndicate, Inc. buys mortgages for Investors Syndicate of America, Investors Syndicate of Canada and Investors Syndicate Title and Guaranty Company, and acts as principal underwriter to its open-end investment company affiliates.

Thirdly, Investors Syndicate, Inc. maintains an investment department at Minneapolis consisting of portfolio

[fol. 1682]

supervisors and analysts whose services are utilized in the management of its own investment portfolio, as well as those of all its subsidiaries and affiliates.

Finally, Investors Syndicate, Inc. uses its far-flung organization for expanding miscellaneous other activities to be described below.

II. Character of Business

The open-end investment company affiliates have experienced exceptional growth since formation less than ten years ago. Their total assets today approximate $150,000,000. Of this sum, more than $125,000,000 is accounted for by Investors Mutual, Inc. which is one of the largest and most successful open-end investment companies in the country. Investors Syndicate, Inc. receives annual management fees from these Investment Trust companies in an amount equal to one-fourth of one per cent of their total assets. It also receives a seven per cent loading charge on all sales of their shares. —So much for the activities relating to the Investment Trust affiliates.

With respect to Investors Syndicate, Inc. direct subsidiaries, the chief activities are the sale and servicing of Savings Certificates. These certificates represent partial payment or installment savings accounts carrying a limited and contingent participation in earning. In the past the Company distributed certificates calling for a relatively higher rate of interest. Certificates now being distributed are confined to 2½s and 3s.

A certificate holder does not receive the indicated rate on the entire amount of his payments. On a 2½% certificate, net interest rate to maturity, interest compounded annually on an annual payment basis, for 6 to 9 years maturity is 2%; 10 to 11 years is 2.12%; 12 to 13 years is 2.25%, and a twenty year maturity is 2.52%. Monthly payments reduce this income value materially, and most payments are monthly, quarterly or semi-annually.

III. Obligations and Resources

It is calculated that as of December 31, 1948, there were outstanding the following Savings Certificates. (We give the Face Amount, or maturity value, and the Cash Surrender Value.)

	Face Amount	Cash Value
1. Investors Syndicate Inc.	$ 479,000,000	$285,000,000
2. Investors Syndicate of America	594,000,000	75,000,000
3. Investors Syndicate of Canada	100,000,000	* —
4. Investors Syndicate Title & Guaranty Co.	10,000,000	* —
	$1,183,000,000	$360,000,000

*These Certificates were recently sold, so the cash value is small.

The Face Amount of certificates outstanding means nothing beyond the fact it represents what the Company has agreed to pay the holders, when, as and if all contractural obligations have been fulfilled.

The full measure of the Company's possible liability on its certificates at any one time is their aggregate cash sur-

[fol. 1684]

render value. To meet the $285,000,000 cash surrender value of its certificates as of December 31, 1948, plus $9,400,000 fully paid certificates outstanding, we are informed the Company had an excess of $12,000,000 in applicable assets. The bulk of the Company's assets was in Cash, Securities and Mortgages. The latter approximated $200,000,000, of which the greater part were guaranteed by the Veterans Administration or by the F. H. A. Thus there is no doubt that the Company is in a position to meet its obligations at this time.

Detailed Balance Sheet figures as of June 30, 1948 (and 1941, 1946 and 1947) are attached to this report.

The Company has had some deficiency in reserves for ultimate maturity of the full face amount of its certificates. On an actuarial study made in 1944, there was a reserve deficiency of $7,800,000. In 1946 the study showed a deficiency of $5,700,000. The studies were made on an earning ratio of 4.53%. In 1947, the Company stated their earning ratio was 4.75% from 1942 to 1946, and estimated from 1947 to 1951 it may average 4.93%. These last figures include fees, commissions and subsidiary earnings. We estimate that the deficiency in reserves today is about $2,000,000. The Company transferred from surplus to reserves in 1948—$1,600,000, so Mr. Gamble states, and he further states that the Company should be on a current accrual basis in two years, which just about checks with our figure of deficiencies of $2,000,000.

Since 1940 the parent company has not distributed any of its own certificates. The face amount, therefore, is

steadily declining and will continue to decline, per the following year-end figures:

1948	1949	1956
$479,800,000	$448,500,000	$85,500,000

It should be noted that Investors Syndicate, Inc. is in the process of liquidation as far as its outstanding certificates are concerned; however, its management, underwriting and sales activities are all retained and will grow in importance. The source of income from these latter activities will greatly increase.

Following are year-end figures of total assets of the parent company, as projected for the S. E. C. on March 3, 1947:

1948	1949	1956
$290,000,000	$299,000,000	$93,000,000

The following table shows the face amounts of certificates of the parent company scheduled to mature year by year through 1957:

1948 — $ 7,999,300	1953 — $56,257,000
1949 — 13,800,000	1954 — 51,734,000
1950 — 24,275,000	1955 — 52,570,000
1951 — 36,579,000	1956 — 29,799,000
1952 — 41,812,000	1957 — 18,970,000

[fol. 1686]

The "Cash Flow" of the parent company, assuming no change in investment, was projected for the S. E. C. on March 3, 1947 as follows:

	Receipts	Disbursements		Receipts	Disbursements
1948 —	$74,474,200	$23,045,200	1953 —	$41,200,750	$67,981,600
1949 —	66,285,800	26,908,600	1954 —	39,526,300	62,013,000
1950 —	56,871,750	37,659,750	1955 —	30,020,300	61,391,200
1951 —	54,382,700	49,373,700	1956 —	31,156,550	37,017,000
1952 —	46,275,900	54,136,500	1957 —	30,876,950	25,238,500

RECAPITULATION OF CASH FLOW AS ABOVE

	Excess of Receipts Over Disbursements		Excess of Disbursements Over Receipts
1948 —	$ 51,429,000	1952 —	$ 7,860,000
1949 —	39,377,000	1953 —	26,781,000
1950 —	19,212,000	1954 —	22,486,000
1951 —	5,009,000	1955 —	31,371,000
	$115,027,000	1956 —	5,860,000
1957 —	5,638,000		
Total	$120,665,000	Total	$ 94,358,000

In the period 1948 to 1957, inclusive, total Cash Receipts are estimated to be $26,307,000 in excess of Cash Disbursements, based on the December 31, 1947 portfolio.

Since none of the certificates of the subsidiary companies were sold before 1941, they will have no important maturities for some years to come. Their current Balance Sheet position is satisfactory, and reserves are adequate.

IV. Earnings

Investors Syndicate, Inc. selling and underwriting activities have shown substantial and growing profit after deduction of all sales expense. Management activities likewise have yielded sizeable and expanding profits after applicable expense. However, in recent years of low money rates, the Company's investment portfolio has been none too productive. This circumstance, together with the high interest rate called for by the certificates sold by Investors Syndicate, Inc. years ago, has tended to wipe out a large portion of the profits of the other divisions, and in at least two years has actually resulted in an over-all net loss.

Here is the record from 1937 to 1947, inclusive:

	Total Income	Net Income		Total Income	Net Income
1947—	$19,809,000	def. $248,000*	1941—	$13,264,564	$ 42,610
1946—	18,941,108	45,986	1940—	14,568,313	350,622
1945—	15,602,790	205,835	1939—	14,262,407	751,055
1944—	13,111,399	48,401	1938—	12,397,248	780,964
1943—	13,322,040	426,265	1937—	10,298,611	498,483
1942—	13,166,181	def. 230,894			

*Before deduction of $552,000 Reserve for "possible future loss" on marketable securities.

[fol. 1688]

Last year (1948) the Company showed a net profit of $401,000.

Future years will see a steady drop in the average interest rate of outstanding certificates. Meantime, the management fees will expand further because of the enlarged investment accounts of subsidiaries and affiliates. Also the need for making up deficiencies in Reserves should disappear.

Following is an earning projection made by the Company for the S. E. C. on March 3, 1947, assuming no increase in annual sales:

	Net Profit From Management Activities	Net Profit From Underwriting and Sales	Final Net Income
1947	$ 624,500	$1,001,700	$ 159,500(deficit)
1948	702,250	1,083,800	572,500
1949	787,250	"	957,395
1950	903,250	"	1,346,200
1951	1,023,550	"	1,577,500
1952	1,145,200	"	2,009,300
1953	1,275,000	"	2,685,400
1954	1,387,150	"	3,361,000
1955	1,498,150	"	3,135,300
1956	1,605,850	"	5,090,800

This is simply a projection. The fact that it has come fairly close to the mark in 1947 and 1948 results in no assurance it will prove accurate over the longer term. However, the basis on which the projection has been built, including the allowance for selling and underwriting profit, would seem to be reasonably conservative. The Company's

mortgage business is sound, and the open-end Investment Trust field in this country undoubtedly has a great future. Weighing all factors there is good reason to believe that Investors Syndicate, Inc. should attain important earning power, under capable management. It should be pointed out, however, that dividends are some time off. At present payment is precluded by the deficiency in Reserves.

V. Conclusion

During the depression Investors Syndicate, Inc. foreclosed on some $8,000,000 worth of real estate. We understand this was disposed of very satisfactorily. In contradistinction to the mortgages held at the time of the depression, all of the mortgages now held are on urban real estate and some two-thirds of them carry F. H. A. or Veterans Administration guarantees.

The Company was before the S. E. C. on unwarranted sales effort and a check of its reserves, and for a time the Company's affairs were in charge of a Voting Trust established through agreement with the S. E. C. The S. E. C. files have been checked, and nothing derogatory or anything that might injure the Company's future has been found.

The enterprise is soundly conceived, and its financial program is well calculated to care for all annual requirements on account of certificates and other obligations.

In any purchase of control of Investors Syndicate, Inc., Alleghany Corporation would be acquiring an oganization of some 120 sales offices and approximately 1700 salesmen.

[fol. 1690]

This capable and experienced sales force in a comparatively few years has sold $142,000,000 of Investment Trust shares. Total sales in 1947, including Investment Trust shares and Savings Certificates, etc., exceeded $266,000,000, and in 1948 exceeded $276,000,000. The sales force is now being used to sell certain types of Insurance. It has interesting possibilities in many other fields.

Let us suppose—and it certainly could be a possibility—that Alleghany Corporation decided to enter the underwriting business. At once it would have the largest distributing organization in the United States.

With respect to sales, the Company's management is undoubtedly excellent. In the matter of investment management, there would seem to be room for considerable improvement, which Alleghany Corporation should be able to supply. Moreover, we believe that worthwhile savings could be made in overhead, and probably there could be certain consolidation of Investment personnel between Investors Syndicate, Inc. and Alleghany Corporation.

Control of Investors Syndicate, Inc. would carry with it the control of about one-half billion dollars worth of assets; such vast assets are a power in themselves. They could be used for varied purposes with far-reaching results.

Finally, while Investors Syndicate, Inc. earning power is small today, it appears to be definitely on the increase, and its long range potentialities are impressive.

We feel that the purchase of 85,660 shares of the common stock of Investors Syndicate, Inc., on suitable terms, would be advantageous to Alleghany Corporation,

assuming such terms could be arranged. We would strongly recommend the acquisition.

Respectfully submitted,

SAUNDERS, STIVER & Co.

By: A. J. STIVER
A. J. STIVER, President

March 15, 1949

Terminal Tower
Cleveland, Ohio

This report has made use of figures obtained from various recognized statistical services, from published reports of Investors Syndicate, Inc. and its subsidiaries and affiliates, and also from Mr. Gamble himself. The report and its conclusions are subject to the accuracy of such figures.

[fol. 1692]

Investors Syndicate, Inc. Comparative Balance Sheets

	Dec. 31, 1941	Dec. 31, 1946	Dec. 31, 1947	Six Months June 30, 1948
Assets				
Cash	$ 6,180,158	$ 3,313,081	$ 3,019,797	$ 2,308,40
Bonds and Stks.	31,623,180	(2)103,709,300	(2)68,931,259	(1)55,646,62
Inv. in subsidiary		3,269,045	3,675,107	4,040,36
F. H. A. Ins. Mtgs.	(3)102,337,345	48,374,345	66,201,455	96,908,95
Real Estate Mtgs.	33,734,217	45,042,897	65,833,288	67,791,65
G. I. Mortgages		34,613,492	43,308,141	34,073,62
Notes Receivable	50,610			
Accts. rec. net	224,120	1,891,832	2,749,473	4,180,11
Int. & divs. rec.		1,131,647	1,282,269	1,369,59
Real est. contrs.	1,895,645			
Lns. & ctfs., etc.	8,139,996	5,561,908	7,259,095	8,362,02
Real estate, net	998,982	66,165	52,372	160,95
Fixtures, net	250,529	343,830	414,156	423,34
Cash val. life ins.				49,98
Other assets	192,609	91,540	123,082	131,92
Statutory deposits		3,476,011	7,917,381	2,363,77
Total	$185,627,391	$250,885,093	$270,766,874	$277,811,31
Liabilities				
Com. stock ($5)	574,541	574,541	574,541	574,54
Cl. A. stock ($5)	879,182	879,182	879,182	879,18
Earned surplus	1,657,704	1,588,680	1,203,144	1,288,18
Contr.-Ctf. res.	7,018,844	243,445,903	264,647,258	273,011,80
Other liabil.	1,325,188	4,299,389	3,339,397	1,937,68
Deferred income		97,399	123,354	
Unearned int.				119,92
Cash surr. value	149,192,288			
Minority int.	20,532			
Accrued liabil.	(4)1,335,327			
Interim install.	23,570,098			
Res. exch. fluc.	53,686			
Total	$185,627,391	$250,885,093	$270,766,874	$277,811,31

(1) Market value: 1948—$52,825,277.
(2) Market value: 1947—$65,190,180; 1946—$104,643,845.
(3) Includes $11,894,534 loans in process of being disbursed on which Company holds firm commitment from F. H. A.
(4) Includes deferred credits.

Page Tightly Bound

[fol. 1693]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 323

SUPPLEMENT TO ANALYSIS OF INVESTORS SYNDICATE, INC.

Actuarial

Mr. Harry Thompson arranged an appointment for me at the office of George B. Buck, 150 Nassau Street, New York, the actuarial consultant who worked out the Chesapeake & Ohio pension plan. I spent some three hours with Mr. Buck and his associate, Mr. Robert A. Wishart. Mr. Buck explained that his firm did not specialize in the field represented by the activities of Investors Syndicate, Inc. and its subsidiaries and affiliates, and that in any event a detailed fresh actuarial study of the enterprise would take considerable time. However, he went on to state: (1) that the company's accounts, projections, prospectuses and other data laid before him by me seemed to be exceedingly well organized and quite evidently reflected the work of a first-rate actuary; (2) that his impression from the material was that the company's "acquisition costs" were unusually moderate, and (3) that the whole setup looked quite sound to him. He said, further, that he knew the reputation of the company's auditors, George Rossetter & Co. of Minnesota, and that it ranked high. He added that it would be desirable to know the name of the actuary who made the projections and other studies for Investors Syndicate.

Subsequent to the conference referred to above, we learned from Mr. Gamble that the actuarial firm employed by Investors Syndicate for the preparation of all its computations, projections, etc., was Joseph Froggatt & Co., Inc., 74 Trinity Place, New York. I immediately relayed this information to Mr. Buck's office and was told by Mr. Wishart that the firm was "a real old one, very well regarded and particularly good as insurance accountants." As a mat-

ter of fact, Mr. Wishart went so far as to state that he himself would not regard it as necessary to go behind any computation or projection that Joseph Frogatt & Co., Inc. had prepared, but would accept it at face value.

Legal

Burgess, Fulton & Fullmer, attorneys and counselors, Cleveland, Ohio, have given us a written opinion, to the effect that Alleghany is legally empowered to buy the Investors Syndicate stock. Following is the concluding paragraph of that opinion:

> "Based upon our examination of what we consider to be the controlling sources of corporate power, as well as the sources which might represent restrictions upon the exercise of power, we are of the opinion that Alleghany presently possesses the corporate power and legal authority to make the proposed purchase of the Common Stock of Investors Syndicate, Inc."

The opinion states that the attorneys have examined (a) the Corporate Charter of Alleghany Corporation, together with amendments thereto, (b) the applicable provisions of the corporation laws of the State of Maryland, (c) the corporation laws of the State of Minnesota, (d) the applicable provisions of the Interstate Commerce Act, (e) the applicable provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Company Act of 1940.

[fol. 1694] The law firm of White & Case, 14 Wall Street, New York, is preparing for us an opinion covering the question of any possible liability to Alleghany Corporation or its directors for misdeeds that might be committed by Investors Syndicate or anyone connected with it, in the event that Alleghany should own stock control of Investors Syndicate. Meantime, Mr. J. A. Bennett, a partner in the firm of White & Case, has acquainted me orally with the conclusions to which his firm has come. I am reproducing them here for your information, as follows:

(1) Neither Alleghany nor its directors would be held liable for any inability of Investors Syndicate or a subsidiary or affiliate to meet its obligations.

(2) Generally speaking neither Alleghany nor its directors could be held liable for any misdeed committed by Investors Syndicate or its personnel—*unless Alleghany Corp. had specifically directed such misdeed.*

(3) There is one type of "misdeed" for which the exemption from liability referred to in the foregoing paragraph does not hold. In the event that Investors Syndicate or a representative of Investors Syndicate should make a false or incomplete representation in the sale of shares or certificates to the public, Alleghany Corporation (but not its individual directors) would be conditionally liable, under section 15 of the Securities Act of 1933—but only if Alleghany itself could be shown to have had prior knowledge of the false or incomplete representation involved.

CS

4/12/49

[fol. 1695]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 331

Aug. 5, 1949

Mr. Kirby:

Mr. Shipman telephoned this morning to say that he had received the latest actuarial report on Investors Diversified Services and is sending it out to you. However, he would like to have it back when you are through with it.

Ed.

Retd. Actuarial report 9/2/49 [Handwritten Note]

Memorandum from

CHARLES SHIPMAN

8/5/49

Mr. Kirby:

Mr. Baugeard told me you wanted to see the latest actuarial study on IDS and I wrote Mr. Crabb asking him to send it. Here is a copy of his reply.

C.S.

tm/

[fol. 1696]

August 4, 1949

Mr. Charles Shipman
Alleghany Corporation
Chrysler Building
New York 17, New York

Dear Charlie:

Conforming to your request of the 2nd I am transmitting to you herewith two copies of the latest actuarial study made for Investors Diversified Services, one for yourself and one for Mr. Kirby. The Froggatt Company, as you will note, is located in New York City. If you should care to inquire among any of your friends in the insurance business, I am sure you will find that this firm is generally recognized as the best of the independent actuarial firms in the country.

Particular attention is directed to pages 2 and 3 which indicate the substantial progress made in closing the gap between the reserves maintained under our present accounting methods and the reserves calculated on the basis of the formula developed by Froggatt. Calculated at the 4.535 basis this difference has declined from a total of approximately $7,800,000 in December 31, 1943 to approximately $4,600,000 at December 31, 1948.

[fol. 1697] Calculated on a 3% basis the difference has been reduced from $40,500,000 at December 31, 1943 to approximately $26,200,000 at December 31, 1948.

In interpreting these figures, it is necessary to give weight to a most important factor. We discontinued the sale of the ten year type of certificate in 1933 except as to one state. Thereafter the certificates issued were of fifteen year duration. Consequently, practically the only certificates terminating by maturity, from 1943 through 1948, were the relatively small number of ten year certificates whose maturities had been extended by late payments.

That circumstance makes this reduction all the more impressive due to the absence of the additional reducing factor of any substantial terminations by maturity.

Beginning in 1949 this improvement should be accelerated by the growing amount of terminations by maturities. Our maturities this year will total in the neighborhood of $16,000,000 as against approximately $5,000,000 last year. In 1950 maturities should total in excess of $30,000,000 and in 1951 should total in the neighborhood of $42,000,000.

Another item that requires explanation is this matter of earnings rate. Inasmuch as a substantial proportion of the Company's earning power is derived from operations other than investment earnings, such as underwriting earn-
[fol. 1698] ings, earnings from investment fees, earnings from the operations of subsidiaries, etc., the overall earning power of the Company expressed in the form of a ratio to what amounts to fixed charges, is running well in excess of 4.535.

I am sending this letter to you in duplicate in the event you should like to send Mr. Kirby a copy of it. If anything further should be desired, please let me know.

It was a real pleasure to have you with us during your recent visit and I know all of us here benefited greatly from your comments and helpful suggestions. I hope you will

find it possible to get back frequently and that it will be possible for us to cooperate even more actively on our investment policies and practices.

Yours very truly,

/s/ Earl E. Crabb
President

EEC:jab

[fol. 1699]

In the United States District Court

Plaintiffs' Exhibit No. 335

Mr. Charles Shipman
Chrysler Building
New York 17, New York

September 9, 1949

As requested in your letter of September 1, I am enclosing one copy of the comparative balance sheet, income and surplus statement of IDS at June 30, 1949. One copy of this has also been forwarded to Mr. Young and Mr. Kirby. I am also attaching a list of various statements and reports that are currently being sent to Mr. Purcell, one copy of each of the reports on the list is also attached for your convenience in determining the type of information included.

As there are a large number of these reports and some of them being fairly voluminous, I would appreciate it if you would check on the list the reports which you would like to receive and also the reports which we should send to Mr. Young and Mr. Kirby.

Best personal regards.

Yours very truly

N. B. Waag
Vice President & Controller

NBW:ER
Encl.
CC to: Mr. Young
Mr. Kirby

CLERK'S NOTE:

Counsel are unable to furnish legible copies of the attachments to this letter.

[fol. 1700]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 336

(Letterhead of Alleghany Corporation,
New York 17, New York.)

September 1, 1949

Dear Mr. Waag:

I should appreciate it if you would send me a copy of the material stapled together with the initial page headed "Comparative Balance Sheet, June 30, 1949." A copy should also be sent to Mr. Robert R. Young, at this address and one to Mr. Allan P. Kirby at 17 DeHart Street, Morristown, New Jersey.

Will you please see that this sort of information—and other information issued by your office—are sent regularly to Mr. Young, Mr. Kirby and myself.

I am writing you this at the suggestion of Mr. Young. The material we have been receiving here up to now does not permit us to follow the affairs of IDS and its subsidiaries and affiliates as intelligently as we would wish.

Cordially,

/s/ CHARLES SHIPMAN
Charles Shipman

CS/tm

CC – Messrs. E. E. Crabb
D. E. Ryan
J. E. Racey
J. R. Ridgway
E. F. Hatch

P. S. I am assuming of course that Mr. Purcell is already receiving full information.

Mr. Norman B. Waag
Investors Diversified Services, Inc.
Roanoke Building
Minneapolis 2, Minnesota

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT 339

(See opposite) ☞

NET INCOME
(Before profit or loss on Investment Transaction)

Net Income (before profit or loss on investment transactions) for the month of December 1949 was $90,476 compared to $39,585 for November, 1949 an increase of $50,891 or 128.56%

This increase is accounted for as follows:

Increase in gross income	
Investment income (Dividends increased $62,947)	$ 69,699
Other Income	3,483
TOTAL	$ 73,182
Increases in costs & expenses	
Cost of certificate money (reduction is mainly due to year-end accrual adjustment)	$ (22,505)
Other expenses	20,022
Provision for income taxes	24,774
TOTAL	$ 22,291
Increase for Month	$ 50,891

For the twelve months ending December 31, 1949 such net income was $589,409 compared to $495,248 for the like period of 1948, an increase of $94,161 or 19.02%. Principal items accounting for the increase in net income for the twelve months ending December 31, 1949 over the like period of 1948 are:

Increase in Gross Income	
Investment income	$ 928,810
Other income	73,430
TOTAL	$1,002,240
Increase in Cost and Expense	
Cost of Certificate Money	$ 629,540
Other Expenses	226,962
Provision for Income Taxes	51,577
TOTAL	$ 908,079
Increase in Net Income	$ 94,161

Investment Income - Increase results entirely from growth in assets. The combined average gross rate of return on earning assets was 3.78% for years 1949 and 1948.

Other Income - Increase is principally in fees, received on certificates where payments are made on less than annual basis.

Cost of Certificate Money - Increase is due to growth in reserves offset by a decline in the rate of cost to 2.71% for the year 1949, compared to 2.77% for the year 1948.

[fol. 1701]

Other Expenses - increased as follows:

Investment management and mortgage servicing fees	$117,133
Certificate collection fees and other direct certificate servicng expense	33,945
Home Office operating expense paid to I.D.S. (Parent company)	55,122
General and administrative expense	20,762
	$226,962

Profit or loss from investment transactions

Sales of investments in December, 1949 resulted in a profit of $7,203, compared to a profit of $1,022 in November, 1949.

For the year 1949 the profit from sale of investments was $70,232, compared with a loss of $139,434 for the year 1948 which loss was reduced to $56,452 after adjustment for investment reserve.

Gross return on assets

The average gross rate of return on total assets for the year 1949 was 3.67% compared to 3.73% for the year 1948. The slight decline is due to an increase in non-earning assets (mainly cash) as the average return on earning assets remained the same.

	Year 1949	Year 1948
Earnings Assets		
Securities	3.52%	3.47%
Mortgages	3.81	3.84
Certificate Loans	5.13	5.32
Combined Average on earning assets	3.78%	3.78%
Non-Earning Assets (Principally Cash)	-0-	-0-
Average Gross return in Total Assets	3.67%	3.73%

Cost of Certificate Money

The average net rate of cost of certificate money was 2.71% for the year 1949, compared to 2.77% for the year 1948. This slight decline in cost was principally due to the increase in reserves recovered on certificate terminating during the period.

	Year 1949	Year 1948
Installment certificates - gross cost	3.09%	3.10%
Provision for additional credits	.24	.24
Total	3.33%	3.34%
Less- Reserves recovered on Termination	.50	.41
Net Cost on installment certificates	2.83%	2.93%
Fully Paid certificates	2.27	2.24
Combined rate - all certificates	2.71%	2.77%

1702

[fol. 1702]

In addition to the rate of return on assets and cost of certificate money, the relationship of earnings on assets to certificate reserves is important. The following table shows the per-cent that gross investment income is to total certificate reserves and comparison with certificate money costs.

	Year 1949	Year 1948
Per-cent of gross investment income to total certificate reserves	3.88%	3.94%
Cost of certificate money	2.71	2.77
Margin	1.17%	1.17%

Sales Statistics

The following is a tabulation of Sales (face amount) of certificates. (000 omitted)

	Month of December 1949	Month of November 1949	Year 1949	Year 1948	Increase (Decrease)
Series 6	$ 61	$ 239	$ 1,276	$ 1,936	$(660)
Series 7 through 9	88	122	1,173	1,914	(741)
Series 10	669	819	7,504	9,689	(2,185)
Series 11 through 14	267	406	3,704	5,591	(1,887)
Series 15	4,179	5,274	47,557	55,582	(8,025)
Series 20	7,421	8,843	80,621	90,050	(9,429)
Single Payment Certificate	100	128	2,021	2,969	(948)
TOTAL	$12,785	$15,831	$143,856	$167,731	$(23,875)

Financial Position

Total assets at December 31, 1949 were $129,202,370, compared to $102,475,554 at December 31, 1948, an increase of $26,726,816 on 26.08%.

Earned surplus increased $659,641 in the year 1949, being $2,348,575 compared to $1,668,934 in the year 1948. There was no change in capital stock outstanding.

Certificate reserves increased $26,145,979 (26.55%) being $124,633,793 at December 31, 1949, compared with $98,487,814 at December 31, 1948.

The distribution of assets was as follows:

	December 31, 1949	November 30, 1949	December 31, 1948
Cash	1.7%	.7%	.7%
U.S. Gov't Securities	3.8	3.9	.7
Accrued interest & other current assets	.4	.4	.4
Total Cash Gov'ts.and Current Assets	5.9%	5.0%	1.8%
Other Securities	19.1%	19.7%	20.5%
Mortgage Loans	71.7	72.0	75.1
Certificate Loan	3.3	3.3	2.6
	94.1%	95.0%	98.2%
TOTAL	100.0%	100.0%	100.0%

1703

[fol. 1703]

1181

The market value of investment securities owned compared with book value of such securities was as follows:

	December 31, 1949	November 30, 1949	December 31, 1948
Book Value	$29,598,828	$29,772,501	$21,769,353
Market Value-	28,221,665	28,154,495	19,662,768
Excess of Book over market	$ 1,377,163	$ 1,618,006	$ 2,106,585
% of excess to Book Value	.47%	.54%	.97%

Certificates outstanding

Face amount of certificates outstanding increased $79,651,623 for the year 1949, being $687,769,203, compared with $608,117,580 at December 31, 1948. For the same period the number of accounts increased 15,740, being 143,115, compared to 127,375 at December 31, 1948.

The following is a tabulation or face amount of installment certificates which were terminated:

(000 omitted)

	YEAR ENDING December 31, 1949		December 31, 1948	
	Face Amount	% to Average in Force	Face Amount	% to Average in Force
Surrendered for cash	$30,144	4.54%	$22,183	3.95%
Suspended due to default in payments (less reinstatements)	11,077	1.67%	11,351	2.02%
Transferred to Paid Up or Optional Settlement	19,292	2.90%	13,310	2.37%
Death & Disability Option exercised	1,884	.25%	1,514	.27%
Total Termination	$62,397	9.36%	$48,358	8.61%

[fol. 1704]

Investment Transactions

	Month of December 1949		Year Ending December 31, 1949	
	Book Value	Yield	Book Value	Yield
Security Investments				
Acquired - U. S. Gov't.	$ -0-		$ 6,122,518	1.452%
Other than U.S. Gov't.	-0-		5,964,497	4.408
Sold, exchanged, called or Matured - (U.S. Gov't.)	-0-		1,953,546	1.389%
Other than U.S. Gov't.)	202,237	4.203%	2,317,021	4.811%
Mortgages				
Acquired	3,154,634	4.328%	33,261,006	4.178%
Sold or completely Paid off	1,305,746	3.702%	14,565,090	4.019%

1704

[fol. 1705]

INVESTORS SYNDICATE OF AMERICA, INC.
MINNEAPOLIS, MINNESOTA
FINANCIAL STATEMENTS

CONDENSED COMPARATIVE BALANCE SHEET

	December 31, 1949 Amount	%	November 30, 1949 Amount	%	December 31, 1948 Amount	%	Increase (Decrease) December 1949 over December 1948
Assets							
Cash	$ 2,175,264	1.7%	$ 937,471	.7%	$ 720,959	.7%	$ 1,454,305
U. S. Government Bonds	4,963,984	3.8	4,927,045	3.9	761,708	.7	4,162,276
Other Current Assets	514,659	.4	517,119	.4	439,379	.4	75,280
Total Cash, U.S. Government Bonds and other Current Assets	$ 7,613,907	5.9%	$ 6,381,835	5.0%	$ 1,922,046	1.8%	$ 5,691,861
Securities (Other than U.S. Gov't. Bonds)							
Bonds	$ 9,677,034	7.5%	$ 9,877,445	7.8%	$ 7,673,676	7.5%	$ 2,003,358
Preferred Stocks	14,606,890	11.2	13,353,170	10.6	12,849,216	12.5	1,657,674
Common Stocks	490,920	.4	1,614,641	1.3	484,753	.5	6,167
Total	$ 24,674,844	19.1%	$ 24,845,256	19.7%	$ 21,007,645	20.5%	$ 3,667,199
Mortgages							
F.H.A. Insured First Mortgages	$ 26,152,431	20.2%	$ 25,793,343	20.4%	$ 20,953,832	20.5%	$ 5,198,599
V.A. Partially Guaranteed First Mortgages	41,188,779	31.9	41,179,286	32.5	35,178,925	34.3	6,009,854
V.A. Fully Guaranteed Second Mortgages	2,395,549	1.9	2,029,127	1.6	1,271,738	1.2	1,123,811
Conventional First Mortgages	21,731,797	16.8	20,960,800	16.6	18,495,635	18.1	3,236,162
Unamortized Premiums on Mortgages	1,176,456	.9	1,168,240	.9	1,013,426	1.0	163,030
Total	$ 92,645,012	71.7	$ 91,130,796	72.0%	$ 76,913,556	75.1%	$15,731,456
Real Estate (Net)	$ -0-	-0-	$ 5,371		$ -0-		$ -0-
Certificate Loans	$ 4,268,607	3.3%	$ 4,165,844	3.3%	$ 2,632,307	2.6%	$ 1,636,300
Total Assets	$129,202,370	100.0%	$126,529,102	100.0%	$102,475,554	100.0%	$26,726,816
Liabilities							
Certificate Reserves							
Installment Certificates	$113,392,403	87.7%	$111,037,420	87.8%	$ 88,911,463	86.8%	$24,480,940
Fully Paid Certificates	11,241,391	8.7	11,027,782	8.7	9,567,425	9.3	1,673,966
Total Certificate Reserves	$124,633,794	96.4%	$122,065,202	96.5%	$ 98,478,888	96.1%	$26,154,906
Current Liabilities	$ 877,692	.7%	$ 836,594	.6%	$ 981,784	1.0%	$ (104,092)
Deferred Initial Loading Credits	$ 329,809	.3%	$ 363,910	.3%	$ 313,448	.3%	$ 16,361
Capital Stock and Surplus							
Capital Stock	$ 750,000	.6%	$ 750,000	.6%	$ 750,000	.7%	$ -0-
Paid In Surplus	262,500	.2	262,500	.2	262,500	.3	-0-
Earned Surplus	2,348,575	1.8	2,250,896	1.8	1,688,934	1.6	659,641
Total Capital Stock and Surplus	$ 3,361,075	2.6%	$ 3,263,396	2.6%	$ 2,701,434	2.6%	$ 659,641
Total Liabilities, Capital Stock and Surplus	$129,202,370	100.0%	$126,529,102	100.0%	$102,475,554	100.0%	$26,726,816

1705

[fol. 1706]

CONDENSED STATEMENT OF NET INCOME

	1949 December Projected	1949 December Actual	1949 November Actual	Twelve Months Ending December 31 1949 Projected	1949 Actual	1949 %	1948 Actual	1948 %	Increase (Decrease)
Investment Income	$452,560	$436,213	$366,514	$4,563,500	$4,249,834	100.00%	$3,321,024	100.00%	$928,810
Cost of Certificate Money:									
Reserve Accumulation Costs	$310,750	$285,386	$291,797	$3,310,500	$3,194,614	75.17%	$2,444,600	73.61%	$750,014
Provision for Additional Credits	21,500	14,686	19,306	232,000	204,264	4.81	155,217	4.67	49,047
Total	$332,250	$300,072	$311,103	$3,542,500	$3,398,878	79.98%	$2,599,817	78.28%	$799,061
Less: Reserves Recovered on Terminations	34,500	49,037	37,563	325,000	437,757	10.30	268,236	8.08	169,521
Net Cost of Certificate Money	$297,750	$251,035	$273,540	$3,217,500	$2,961,121	69.68%	$2,331,581	70.20%	$629,540
Gross Margin	$154,810	$185,178	$ 92,974	$1,346,000	$1,288,713	30.32%	$ 989,443	29.80%	$299,270
Other Income:									
Certificate Servicing Fees	$ 51,500	$ 54,795	$ 47,635	$ 541,000	$ 556,866	13.10%	$ 478,965	14.42%	$ 77,901
Net Subsequent Years Loading	5,500	5,649	5,565	60,000	73,014	1.72	82,005	2.47	(8,991)
Net Initial Loading Earned	2,325	(851)	2,860	27,500	28,440	.67	24,348	.73	4,092
Transfer Fees and Other	425	253	303	4,000	3,657	.09	3,229	.10	428
Total Other Income	$ 59,750	$ 59,846	$ 56,363	$ 632,500	$ 661,977	15.58%	$ 588,547	17.72%	$ 73,430
Total	$214,560	$245,024	$149,337	$1,978,500	$1,950,690	45.90%	$1,577,990	47.52%	$372,700
Expenses:									
Investment Management & Mortgage Servicing Fees	$ 52,410	$ 49,853	$ 48,155	$ 561,500	$ 535,749	12.61%	$ 418,616	12.61%	$117,133
Certificate Collection & Other Direct Certificate Servicing Expenses	14,450	19,566	15,473	159,500	181,935	4.28	147,990	4.46	33,945
Home Office Operating Costs Paid to Parent Company	50,400	42,692	37,529	509,000	455,069	10.71	399,947	12.04	55,122
General and Administrative Expense	12,200	16,363	7,295	130,500	132,677	3.12	111,915	3.37	20,762
Total Expenses	$129,460	$128,474	$108,452	$1,360,500	$1,305,430	30.72%	$1,078,468	32.48%	$226,962
Income Before Provision for Income Taxes	$ 85,100	$116,550	$ 40,885	$ 618,000	$ 645,260	15.18%	$ 499,522	15.04%	$145,738
Provision for Income Taxes	-0-	26,074	1,300	-0-	55,851	1.31	4,274	.13	51,577
Net Income (before Profit or Losses on Securities)	$ 85,100	$ 90,476	$ 39,585	$ 618,000	$ 589,409	13.87%	$ 495,248	14.91%	$ 94,161
Profit (Loss) from Investment Transactions:									
Realized Profit (Loss) on Investment Transactions		$ 7,203	$ 1,022		$ 70,232		$ (131,410)		$201,642
Investment Reserve Adjustment		-0-	-0-		-0-		(74,958)		74,958
Net Realized Profit (Loss) on Investment Transactions		$ 7,203	$ 1,022		$ 70,232		$ (56,452)		$126,684

1706

[fol. 1707]

EXCESS OF LOADING CREDITS OVER UNDERWRITING AND ISSUANCE COST

	1949			Twelve Months Ending December 31					
	December		November	1949			1948		Increase
	Projected	Actual	Actual	Projected	Actual	%	Actual	%	(Decrease)
Initial Loading Gross Income	$377,500	$324,827	$336,257	$4,007,500	$3,640,440	100.00%	$4,084,986	100.00%	$(444,546)
Commissions Paid	$357,500	$307,893	$322,588	$3,819,500	$3,488,335	95.82%	$3,909,709	95.71%	$(421,374)
Other Expenses	12,850	10,244	9,093	131,600	109,080	3.00	118,369	2.90	(9,289)
Total Expense	$370,350	$318,137	$331,681	$3,951,100	$3,597,415	98.82%	$4,028,078	98.61%	$(430,663)
Excess of Initial Loading over Costs	$ 7,150	$ 6,690	$ 4,576	$ 56,400	$ 43,025	1.18%	$ 56,908	1.39%	$ (13,883)
Portion of Federal Income Tax	-0	5,183	500	-0-	8,483	.23	-0-	-0-	8,483
Net Initial Loading	$ 7,150	$ 1,507	$ 4,076	$ 56,400	$ 34,542	.95%	$ 56,908	1.39%	$ (22,366)
Income Deferred to Future Operations	7,150	1,378	3,881	56,400	34,438	.95	56,370	1.38	(21,932)
Net Initial Loading Earned - Current Year Sales	$ -0-	$ 129	$ 195	$ -0-	$ 104	-0-	$ 538	..01	$ (434)
Net Initial Loading Earned on Prior Years Sales	2,325	(980)	2,665	27,500	28,336	.78	$ 23,810	.59	$ 4,526
Net Income from Initial Loading	$ 2,325	$ (851)	$ 2,860	$ 27,500	$ 28,440	.78%	$ 24,348	.60%	$ 4,092

[fol. 1708]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 345

WSS

February 11, 1950

Mr. Robert R. Young
4500 Chrysler Building
New York 17, New York

Mr. Allan P. Kirby
Millbank
Camden, South Carolina

Dear Bob and Allan:

Before leaving for my vacation I wanted to give you a brief report on the present situation in Investors Diversified Services, Inc., and the accomplishments of the nine months since our acquisition.

As I commenced to study the operation I realized that the company was top-heavy with non-productive, high-salaried executives. We have therefore eliminated the following:

Individual	*Position*	*Salary*
James M. Twohey	Chairman of Board	$35,000
Don Green	Vice President	27,500
D. Gruenhagen	Vice President	12,000
W. Robinson	Economic Advisor	15,000
R. Ogilvie	Assistant	10,000
	Total —	$99,500

Office, traveling, entertainment and miscellaneous expenses of the above would probably amount to around another $30,000. There is probably more to be accomplished along

the foregoing lines, but the above were the obvious and major items.

On the other hand, it became necessary to increase salaries of some of the productive personnel, notably Mr. Crabb, who is the chief executive and on whom a greater burden has been placed by the above eliminations; Mr. Clark, Vice President in charge of sales of securities, and Mr. Ryan, Vice President in charge of the Mortgage Department. However, the aggregate amount of the increases was very much less than the savings which have been effected.

[fol. 1709] As you probably know, there has been an accounting deficiency in the manner in which the reserves for certain liabilities have been maintained on the IDS books for many years. The auditors qualify their statement in respect to this item and the SEC has been very anxious to have this matter corrected. Briefly, the deficiency relates to the fact that certificate reserves are accrued only on the basis of cash surrender values which, in turn, are increased only once a year, as certificates reach an anniversary, thus, in respect of each certificate, reserves are increased only once a year instead of monthly throughout the year. The amount of the deficiency in the certificate reserve account caused by this accounting practice, is approximately $4,300,000. I have promised the SEC that we will correct this at the earliest practicable moment.

On December 31, 1949, on the basis of preliminary figures and without transferring any of the 1949 earnings into certificate reserves to make up this deficiency, there was total capital stock and reserve for contingencies (maintained in lieu of surplus) of $4,287,000. Thus you can see that we are very nearly in a position to transfer a sum from capital stock and surplus to certificate reserves and thereby get a clean balance sheet. I am confident that by the June 30 statement, which must be published, there will be sufficient earnings so that we will be able to go on the accrual basis at that time.

In anticipation of this accounting change in June, the Board has tentatively concluded to transfer approximately $1,175,000 out of 1949 income to a special certificate reserve account, thus leaving about $500,000 of reportable net income. This was my idea, readily concurred in by all who have discussed it, and seems to be desirable from a number of points of view.

First, it will reduce the amount which will have to be transferred to certificate reserves in June.

Secondly, if $1,600,000 of apparent earnings go into surplus (reserve for contingencies) account in December, and then we move it out of that account in June, thus causing those apparent earnings to disappear, it is possible that we might receive some questions or criticism from security holders—particularly, when we know now that we are going to take the second step in June.

Thirdly, it just seems misleading to show large earnings apparently available for stock, when there exists this deficiency in the reserve for liabilities.

Steps have been taken to rearrange the salesmen's commission schedules, which ought to improve substantially [fol. 1710] sales of new certificates. These steps will give the salesmen a larger portion of their total commission in the early years of the sold certificates. This will have a temporarily adverse effect on IDS income account in respect of the underwriting commissions from the sale of those certificates, but we expect that a larger number of certificates will be sold, which will more than offset the adverse effect. Then, additionally, IDS will pick up the deferred income in the later years when the salesmen would, under the former commission schedule, have received a part of their total commissions. Sales, both of certificates and of fund shares, are running well ahead of last year. I think there will be over $52,000,000 of fund sales com-

pared to $42,000,000 last year, and that we will see a similar increase in certificate sales.

The Mortgage Department operations promise to show continued substantial earnings. During 1949 the department funded $153,000,000 of new loans, of which $107,000,000 were sold to others. At year end $125,000,000 of new loans were committed to be funded in 1950. Gross income from market operations was $4,487,000 (not including interest), leaving net income before home office expense of $2,277,000. As a result of the transactions the over-all interest rate on permanent portfolio mortgages was increased from 4.336% to 4.469%, and if construction loans are included, the over-all interest rate was increased from 4.361% to 4.629%, resulting in approximately $500,000 additional annual interest collected.

During 1950 the Mortgage Department forecasts, conservatively, $8,315,000 gross income from mortgage operations (not including interest), with a net, before home office expenses, of $5,720,000. I am told that these are very conservative estimates and take into account only business which is presently on the books.

As you know, the principal operations involve planning and working with contractors in the construction of large, low-cost housing projects, where FHA and VA commitments are worked out in advance. The gross income comes from fees of various kinds in connection with this work.

The organization of Investors Mutual of Canada, Inc., has been completed and sales of shares of that company are about to begin.

Our relationships with the SEC have vastly improved. The Gamble matter remains unsettled, but it is being delayed until the SEC has completed an investigation of his stock transactions under Rule X-10-b-5 of the Securities and Exchange Act of 1934, which requires disclosure by insiders of facts and circumstances of particular impor-

tance when an insider deals in his company's stock. The [fol. 1711] Commission has not completed its examination of these transactions but, to date, has indicated that it has found nothing which would justify any action on its part. It is barely possible though, in my opinion, highly improbable, that Alleghany may become involved with Gamble in connection with stock purchases made by Alleghany prior to the time Alleghany's purchase was announced. I mean to explore this whole situation further with the SEC on Thursday, February 16, and if anything develops I will report further to you. Meanwhile, the question of Gamble's accountability for profits, on behalf of any of the companies, is delayed, with the full knowledge of the SEC, until the stock-transaction investigation has been completed.

Organizational morale in Minneapolis is at its highest level. The officers there have been highly pleased at the elimination of the dead weight in personnel, mentioned above. Individually and collectively, they have expressed their keen appreciation in the way we have been working with them and supporting them. Everyone is delighted that Alleghany is now in control instead of Gamble.

Though not at all pressing, we must continue to concern ourselves with the permanent management of IDS. Mr. Crabb is, I believe, 67 years old. He is still active but has indicated to me a desire to become less active and gradually take on an advisory or consulting status. Some time during 1950 it will necessary to meet this management problem.

Sincerely yours,

/s/ Bob

RWPurcell
k
Dictated but not read.

[fol. 1712]

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 346

March 3, 1950

Memorandum to Mr. Allan P. Kirby

In accordance with our conversation of today, I am enclosing original and two copies of your offer to exchange 2,420 shares of Series A Preferred stock for 24,062 shares of IDS Class A Common stock.

When you have signed the offer, will you please return it to me in due course.

J. J. Anzalone
/s/ Joe

enc.

IN THE UNITED STATES DISTRICT COURT

PLAINTIFFS' EXHIBIT No. 348

(See opposite) ☞

INVESTORS DIVERSIFIED SERVICES, INC.

SUMMARY OF OPERATIONS
TWELVE MONTHS ENDING DECEMBER 31, 1949

Exhibit A - Summary of Balance Sheet

Exhibit B - Summary of Statement of Net Income and Earned Surplus

Exhibit C - Net Income from Investments, Management, Mortgage Operations, and Certificate Servicing

Exhibit D - Net Income from Underwriting Fees
Sales of Subsidiary and Affiliated Companies
Number of Representatives

Exhibit E - Net Income of Subsidiary Companies
Assets of Parent, Subsidiary and Affiliated Companies
Number of Permanent Employees

Exhibit F - Analysis of Security Investments

1. Summary of Investment Securities Owned
2. Analysis of Purchases and Sales, and Securities in Default.

Exhibit G - Analysis of Mortgage Investments

1. Fully Funded and Construction Loans, and Payment Status
2. Fundings, Sales and Payoffs, Commitments Outstanding, and Undisbursed Loans

Exhibit H - Certificates in Force.

Exhibit I - Gross Rate of Earnings on Invested Assets and Rate of Expenses on Certificate Liabilities and Reserves.

[fol. 1713]

General Accounting Department
March 28, 1950

1713

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EXHIBIT A

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF BALANCE SHEET

	December 31, 1949 Amount	%	December 31, 1948 Amount	%	Increase or Decrease
ASSETS					
Cash	$ 4,861,179	1.68	$ 8,939,609	3.15	$ (4,078,430)
Investment in Securities					
U.S. Governments	$ 6,949,863	2.40	$ 3,910,820	1.38	$ 3,039,043
Other Bonds	24,717,163	8.54	25,608,742	9.03	(891,579)
Preferred Stocks	22,021,696	7.61	24,453,658	8.62	(2,431,962)
Common Stocks	298,218	.10	298,218	.10	-0-
Total Securities	$ 53,986,940	18.65	$ 54,271,438	19.13	$ (284,498)
Less: Reserve for Investments	295,144	.10	36,717	.01	258,427
Net Investment in Securities	$ 53,691,796	18.55	$ 54,234,721	19.12	$ (542,925)
Mortgages:					
F.H.A. Insured First Mortgages	$ 72,799,364	25.15	$ 96,077,360	33.88	$ (23,277,996)
G.I. Loans	39,235,473	13.56	30,045,684	10.59	9,189,789
Other First Mortgages	95,777,375	33.43	74,512,962	26.27	22,264,413
Total Mortgages	$208,812,212	72.14	$200,636,006	70.74	$ 8,176,206
Certificate Loans	$ 11,437,647	3.95	$ 9,508,278	3.35	$ 1,929,369
Real Estate	$ 339,326	.12	$ 416,801	.15	$ (77,475)
Accrued Interest and Dividends Receivable	$ 1,511,379	.52	$ 1,352,192	.48	$ 159,187
Total Cash & Invested Assets	$280,653,539	96.96	$275,087,607	96.99	$ 5,565,932
Stocks in Subsidiary Companies	5,284,959	1.83	4,434,052	1.56	850,907
Receivables from Subsidiary Companies	1,825,098	.63	2,591,153	.91	(766,055)
Other Assets	1,694,997	.58	1,518,340	.54	176,657
Total Assets	$289,458,593	100.00	$283,631,152	100.00	$ 5,827,441
LIABILITIES AND RESERVES					
Certificate Reserves:					
Installment Certificates	$275,016,117	95.01	$270,182,399	95.26	$ 4,833,118
Fully Paid Certificates	8,943,379	3.09	9,470,539	3.34	(527,160)
Total Certificate Reserves	$283,959,496	98.10	$279,653,538	98.60	$ 4,305,958
Other Liabilities & Deferred Income	2,602,390	.90	1,320,748	.47	1,281,642
Total Liabilities & Reserves	$286,561,886	99.00	$280,974,286	99.07	$ 5,587,600
CAPITAL STOCK AND SURPLUS					
Capital Stock:					
Common $5.00 Par Value	$ 574,541	.20	$ 574,541	.20	$ -0-
Common, Class A, $5.00 Par Value	879,182	.30	879,182	.31	-0-
Reserve for Contingencies	1,442,984	.50	1,203,143	.42	239,841
Earned Surplus	Nil		Nil		-0-
Total Capital Stock & Surplus	$ 2,896,707	1.00	$ 2,656,866	.93	$ 239,841
Total Liabilities & Capital	$289,458,593	100.00	$283,631,152	100.00	$ 5,827,441

[fol. 1714]

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[fol. 1715]

EXHIBIT B

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF STATEMENT OF NET INCOME AND EARNED SURPLUS

	Month of December			Twelve Months Ending December			
	Projected 1949	Actual 1949	Actual 1948	Projected 1949	Actual 1949	Actual 1948	[illegible]
NET INCOME FROM OPERATIONS							
Investments, Management, Mortgage Operations and Certificate Servicing (Exhibit C)	($220,864)	($259,600)	($272,864)	($1,011,300)	$ 240,395	($1,645,606)	83,961
Underwriting Fees (Exhibit D)	139,706	84,246	90,230	1,377,700	1,275,086	1,289,943	27,103
Net Income from Operations	($ 81,158)	($175,354)	($182,634)	$ 366,400	$1,515,481	$ 395,663)	111,064
Income Charges - net (Note 1)	-0-	(3,844)	4,212	-0-	113,189	10,110)	23,239
Net Income before Profit or Loss on Sale of Investments and Provision for Income Tax	($ 81,158)	($171,510)	($186,846)	$ 366,400	$1,402,272	$ 385,553)	187,825
Share of Subsidiaries Earnings from Operations less Dividends Received	114,866	66,918	94,242	968,000	1,193,381	867,781	327,536
Net Income & Share of Subsidiaries Earnings before Profit or Loss on Sale of Investments & Provision for Income Taxes	$ 33,108	($104,592)	($ 92,604)	$1,334,400	$2,597,293	$ 482,232	115,361
Profit on Sale of Investments:							
Investors Diversified Services (Net)		(50,668)	9,614		(675,665)	956	(676,621)
Share of Subsidiaries Profits (Net)		7,203	8,022		70,228	(51,885)	122,113
Net Income and Share of Subsidiaries Earnings before Provision for Income Taxes		($148,057)	($ 74,968)		$1,992,156	$ 431,303	560,853
Provision for Income Taxes:							
Investors Diversified Services		(16,000)	-0-		(324,000)	-0-	(324,000)
Share of Subsidiaries provision		(28,978)	2,030		(300,183)	(55,807)	(244,376)
NET INCOME AND SHARE OF SUBSIDIARIES NET INCOME		($ 193,035)	$ (72,938)		$1,367,973	$ 375,496	992,477
Surplus Adjustments		(1,117,408)	(374,310)		(1,128,133)	(375,496)	(752,637)
Approp. to Reserve for Contingencies		1,310,443	(1,203,143)		(239,840)	(1,803,143)	963,303
Increase in Surplus		$ Nil	($1,650,391)		$ Nil	($1,803,143)	803,143

Note 1. Includes provision for Canadian exchange, adjustments of prior years income and expense, and miscellaneous items.

Net Income of I.D.S. before Profit or Loss on Sale of Investments & Provision for Income Taxes		($171,510)	($186,846)		$1,402,272	$ 385,553)	,787,825
Profit on Sale of Investments		(50,668)	9,614		(675,665)	956	(676,621)
Provision for Income Taxes		(16,000)	-0-		(324,000)	-0-	(324,000)
Net Income of Investors Diversified Services		($238,178)	($177,232)		$ 402,607	$ 386,597)	787,804

[fol. 1716]

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING

	Month of December			Twelve Months Ending December			
	Projected 1949	1949	1948	Projected 1949	1949	1948	Difference
INVESTMENT INCOME	$1,016,275	$1,130,055	$ 994,918	$11,646,000	$11,913,256	$11,235,922	677,334
LESS COST OF CERTIFICATE MONEY	1,267,405	1,332,357	1,210,599	13,102,100	13,111,385	12,521,328	590,057
Difference	$ (251,130)	$ (202,302)	$ (215,681)	($ 1,456,100)	$ 1,198,129	$ 1,285,406	87,277
Less Direct Investment Expense	-0-	32,904	(8,723)	-0-	34,722	33,539	1,183
Remainder	$ (251,130)	$ (235,206)	$ (206,958)	$(1,456,100)	$ 1,232,851	$ 1,318,945	86,094
DIVIDENDS ON STOCK OF SUBSIDIARY COMPANIES	$ -0-	$ 102,000	$ -0-	$ -0-	$ 162,000	$ -0-	162,000
CORPORATION FINANCING FEES	$ 12,700	$ -0-	$ -0-	$ 150,000	$ 146,449	$ 69,000	77,449
MANAGEMENT INCOME							
Inv. Syndicate of America	$ 10,460	$ 12,369	$ 8,683	$ 118,000	$ 141,212	$ 107,098	34,114
Investors Syndicate of Canada	3,584	5,047	3,678	43,000	52,761	47,467	5,294
I. S. T. & G. Co.	1,250	1,250	1,250	15,000	15,000	15,000	-0-
Funds	67,217	87,702	63,309	748,900	707,427	665,975	41,452
Total	$ 83,211	$ 106,368	$ 77,125	$ 924,900	$ 916,400	$ 835,540	80,860
NET INCOME FROM MORTGAGE OPERATIONS							
Non-Affiliated Companies:							
Premiums on Mortgages Sold	$ 8,334	$ 27,535	$ 29,643	$ 100,000	$ 185,060	$ 60,521	124,539
Const. Loan Fees Earned	75,000	222,840	31,972	900,000	2,424,813	369,587	2,055,226
Ins. Commissions & Other Fees	41,416	21,364	45,960	497,000	618,454	505,313	113,141
Affiliated Companies:							
Mortgage Service Fees							
Inv. Syndicate of America	41,950	37,485	31,193	443,900	394,537	311,517	83,020
I. S. T. & G. Co.	8,667	7,830	7,924	100,000	94,292	93,497	795
New Loan Fees							
Inv. Syndicate of America	36,917	34,063	22,172	443,000	392,573	505,474	(112,901)
I. S. T. & G. Co.	5,000	4,236	5,788	60,000	54,965	58,355	(3,390)
Total Income	$ 217,284	$ 355,353	$ 174,646	$ 2,543,900	$ 4,164,694	$ 1,904,264	2,260,430
Less Loan Agency Expenses:							
Commissions & Premiums Paid	$ 20,834	$ 15,710	$ 64,436	$ 250,000	$ 201,534	$ 589,974	(388,440)
FHMA Commitment Fees	-0-	54,138	1,489	-0-	461,937	1,489	460,448
Servicing Contract Comm. Fees	-0-	131,964	-0-	-0-	142,358	-0-	142,358
Other Loan Agency Expense	104,166	168,875	138,604	1,250,000	1,400,168	1,198,542	201,626
Total Loan Agency Expense	$ 125,000	$ 370,687	$ 204,529	$ 1,500,000	$ 2,205,997	$ 1,790,005	415,992
Net Income	$ 92,284	$ (15,334)	$ (29,884)	$ 1,043,900	$ 1,958,697	$ 114,259	1,844,438
CERTIFICATE SERVICING INCOME							
Collection Revenue	$ 47,472	$ 47,920	$ 56,865	$ 605,800	$ 537,465	$ 643,014	$ (85,549)
Subsequent Years Loading	384	1,182	1,735	11,000	16,800	21,991	(5,191)
Cert. Collection Fees from IBA	10,200	11,242	9,907	108,500	113,881	93,641	18,240
Reserve Recoveries - Surrenders	9,980	18,032	5,153	137,800	188,419	144,282	44,137
Miscellaneous	-0-	8,459	18,139	-0-	36,604	22,091	14,513
Total Income	$ 68,036	$ 86,835	$ 91,799	$ 863,100	$ 913,169	$ 927,019	$ (13,850)
Less Direct Cert.Ser. Costs	27,965	33,008	16,645	360,000	364,284	342,239	22,045
Net Income	$ 40,071	$ 53,827	$ 75,154	$ 503,100	$ 548,885	$ 584,780	$ (35,895)
GENERAL AND ADMINISTRATIVE EXPENSE - PROPORTION	$ (197,809)	$ (274,855)	$ (188,292)	$(2,176,700)	$(2,262,225)	$ 1,930,240	$ 331,985
NET INCOME FROM INVESTMENTS, MANAGEMENT, MORTGAGE OPERATIONS, AND CERTIFICATE SERVICING	$ 320,854	$ (239,600)	$ (272,864)	$(1,011,320)	$ 240,355	$(1,645,606)	$1,885,961

[fol. 1717]

EXHIBIT D

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME FROM UNDERWRITING FEES

	Month of December			Twelve Months Ended December 31,			
	Projected	Actual		Projected	Actual		
	1949	1949	1948	1949	1949	1948	Differences
Underwriting Income							
From I.S. of A., Inc.	$461,863	$398,816	$436,242	$4,934,300	$4,473,002	$4,613,783	($140,781)
From Funds	273,831	350,645	258,141	2,612,800	3,156,448	2,423,019	733,429
Total Income	$735,694	$749,461	$694,383	$7,547,100	$7,629,450	$7,036,802	$592,648
Underwriting Commissions Paid:							
I.S. of A., Inc.	$286,880	$250,724	$272,753	$3,065,000	$2,800,885	$2,870,778	($ 69,893)
Funds	168,718	217,173	160,500	1,617,400	1,976,441	1,501,373	475,068
Other Direct Underwriting Expense	89,550	103,867	105,319	927,200	944,894	896,805	88,689
Gen. and Adm. Expenses - Prop.	50,840	94,049	64,381	560,000	632,304	558,503	73,801
Total Expense	$595,988	$665,815	$604,153	$6,169,600	$6,354,404	$5,786,859	$567,545
Net Income	$139,706	$ 84,246	$ 90,230	$1,377,500	$1,275,046	$1,249,943	$ 25,103

SALES OF SUBSIDIARY AND AFFILIATED COMPANIES

	Month of December		Twelve Months Ended December 31,		Increase or Decrease
	1949	1948	1949	1948	
Investors Syndicate of America, Inc.*	$12,827,522	$15,668,615	$143,848,807	$167,731,850	($23,882,043)
Investors Mutual, Inc.	4,568,408	3,314,762	44,445,135	33,939,723	10,505,412
Investors Stock Fund, Inc.	282,739	383,804	3,595,479	2,898,728	708,751
Investors Selective Fund, Inc.	129,976	-0-	155,361	821,489	(66,128)
Total Sales by Underwriting Company	$17,808,645	$19,367,181	$192,094,178	$204,785,186	($12,691,008)
Investors Syndicate of Canada, Ltd. *	$ 3,991,300	$ 2,355,600	$ 44,168,700	$ 41,562,100	$ 2,606,600
Investors Syndicate Title & Guar. Co.*	782,623	1,093,000	11,382,587	12,906,180	(1,523,593)
Total Other Sales	$ 4,773,923	$ 3,448,600	$ 55,551,287	$ 54,468,280	$ 1,082,947
Total Sales	$22,582,568	$22,815,781	$247,645,465	$259,213,466	($11,568,061)

*Maturity Amount of Installment Certificates

NUMBER OF REPRESENTATIVES

	Month of December		Twelve Months Ended December 31,		Increase or Decrease
	1949	1948	1949	1948	
Beginning of Period	1,789	1,771	1,741	1,633	108
Added	45	30	883	914	(31)
Left	43	60	833	806	27
End of Period	1,791	1,741	1,791	1,741	50

EXHIBIT

INVESTORS DIVERSIFIED SERVICES, INC.
NET INCOME OF SUBSIDIARY COMPANIES

	Month of December		Twelve Months Ended December 31,		Increase or Decrease
	1949	1948	1949	1948	
Investors Syndicate of America, Inc.	$ 97,679	$112,203	$ 659,641	$438,796	$220,845
Investors Syndicate of Canada, Ltd.	22,007	15,946	222,112	141,698	80,414
Investors Syndicate Title & Guar. Co.	([illegible])	([illegible])	133,909	110,471	23,438
Miscellaneous Subsidiaries	30,678	([illegible])	119,047	72,717	46,330
Total	$150,145	$104,229	$1,134,709	$763,682	$371,027
Less: Minority Interest	2	[illegible]	4,343	3,582	754
Parent Company Portion	$150,143	$104,294	$1,130,366	$760,093	$370,273

ASSETS OF PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

	Dec. 31, 1949	Dec. 31, 1948	Increase or Decrease
Investors Syndicate of America, Inc.	$129,202,370	$102,475,554	$26,726,816
Investors Syndicate of Canada, Ltd. *	29,854,961	24,375,502	5,479,459
Investors Syndicate Title & Guar. Co.	30,442,638	28,326,629	2,116,009
Miscellaneous Subsidiaries *	1,339,710	1,578,578	(3,360)
Total Assets of Subsidiaries	$190,839,679	$156,756,263	$34,083,416
Investors Mutual, Inc.	$177,159,150	$128,181,453	$48,977,697
Investors Stock Fund, Inc.	13,360,069	9,818,485	3,541,584
Investors Selective Fund, Inc.	1,663,590	1,685,044	([illegible])
Total Assets of Affiliates	$192,182,809	$139,684,982	$52,497,827
Investors Diversified Services, Inc. *	$289,458,593	$283,631,152	$ 5,827,441
Total Assets of All Companies	$672,481,081	$580,072,397	$92,408,684

[fol. 1718]

*Canadian Assets as of December 31, 1949 have been discounted at 10%.

NUMBER OF PERMANENT EMPLOYEES

	Dec. 31, 1949	Dec. 31, 1948	Increase or Decrease
Home Office	824	795	29
Loan Agency	240	175	65
TOTAL	1,064	970	94

1198

1718

INVESTORS DIVERSIFIED SERVICES, INC.
SUMMARY OF INVESTMENT SECURITIES OWNED
AT DECEMBER 31, 1948 AND DECEMBER 31, 1949

[fol. 1719]

	DECEMBER 31, 1948				DECEMBER 31, 1949			
DOMESTIC SECURITIES	PAR OR SHARES	BOOK VALUE		MARKET VALUE	PAR OR SHARES	BOOK VALUE		MARKET VALUE
U.S. Government Bonds	$ 3,909,300	$ 3,910,820.52	7.21%	$ 3,956,913.65	$ 6,897,250	$ 6,949,862.65	12.64%	$ 7,179,213.53
Municipal Bonds	57,000	88,241.34	.16	83,232.83	57,000	87,186.95	.16	86,184.50
Railroad Bonds	5,097,000	5,011,997.93	9.24	4,600,076.25	3,806,000	3,691,021.41	6.71	3,399,020.00
Public Utility Bonds	2,609,000	2,786,681.45	5.13	2,697,427.50	1,916,000	1,985,861.81	3.61	1,930,437.50
Industrial Bonds	4,378,100	4,376,824.36	8.07	4,284,148.65	10,268,000	10,261,466.93	18.66	10,302,407.21
Total Domestic Bonds	$16,050,400	$16,174,565.60	29.81%	$15,621,798.88	$22,944,250	$22,975,399.75	41.78%	$22,957,262.74
Railroad Preferred & Gtd. Stocks	9,417	$ 604,807.38	1.11%	$ 533,315.00	23,517	$ 2,004,037.81	3.65%	$ 1,974,847.87
Public Utility Preferred Stocks	114,296	7,173,097.81	13.22	6,366,460.75	107,886	6,467,957.98	11.76	5,974,843.00
Industrial Preferred Stocks	179,310	16,371,758.04	30.16	13,465,188.13	152,071	13,383,500.90*	24.34	11,005,360.25
Total Domestic Preferred Stocks	303,023	$24,149,663.23	44.49%	$20,364,963.88	283,474	$21,855,496.69	39.75%	$18,955,051.12
Common Stocks	30,000	298,218.43	.55	325,305.03	30,000	298,218.43	.54	353,052.38
Total Domestic Securities		$40,622,447.26	74.85%	$36,312,067.79		$45,129,114.87	82.07%	$42,265,366.24
CANADIAN SECURITIES								
Dominion Government Bonds	$ 3,014,000	$ 3,047,270.87	5.62%	$ 3,065,313.75	$ 980,000	$ 988,993.94	1.80%	$ 1,006,750.00
Dominion Provincial Bonds	3,956,000	3,935,595.08	7.25	4,001,388.76	2,476,000	2,462,807.67	4.48	2,521,308.77
Dominion Municipal Bonds	745,500	763,006.22	1.41	773,981.25	872,359	872,476.99	1.59	881,698.86
Railroad Bonds	50,000	51,261.15	.09	51,250.00	-0-	-0-	-0-	-0-
Corporate Bonds	5,533,475	5,547,863.18	10.22	5,410,927.25	5,324,500	5,346,474.56	9.72	5,343,458.75
Total Canadian Bonds	$13,298,975	$13,344,996.50	24.59%	$13,302,861.01	$ 9,652,859	$ 9,670,753.16	17.59%	$ 9,753,216.38
Corporation Preferred Stocks	7,585	303,994.50	.56	273,046.88	4,885	185,697.68	.34	162,966.58
Total Canadian Securities		$13,648,991.00	25.15%	$13,575,907.89		$ 9,856,450.84	17.93%	$ 9,916,182.96
GRAND TOTAL		$54,271,438.26	100.00%	$49,887,975.68		$54,985,565.71	100.00%	$52,181,549.20
Less: *Reserve for Securities Carried At Market Value						295,144.50		
Canadian Exchange Adjustment						998,625.34		1,041,199.19
Total Per Balance Sheet						$53,691,795.87		$51,140,350.01

By Investment Accounting Department
January 10, 1950

REVISED COPY

EXHIBIT F 2

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF SECURITY INVESTMENTS

PURCHASES AND SALES

	Month of December, 1949		Twelve Months Ending December 31, 1949	
	Book Value	Average Yield	Book Value	Average Yield
Acquisitions				
Market Securities				
Bonds - U. S. Government	$ -0-		$ 5,053,125	2.47%
Bonds - Other	-0-		9,741,577	3.210
Preferred Stocks	1,128,520	5.095%	2,676,018	5.103
Private Placement Securities:				
Bonds	-0-		6,535,000	4.449
Preferred Stocks	-0-		300,000	5.250
Total Acquisitions	$1,128,520	5.095%	$24,505,720	3.637%
les, Exchanges, Calls and Maturities:				
Market Securities				
Bonds - U. S. Government	$ -0-		$ 2,024,255	2.426%
Bonds - Other	2,042,597	3.368%	15,852,496	3.285
Preferred Stocks	1,307,171	3.589	5,588,482	3.850
Private Placement Securities:				
Bonds	-0-		323,629	2.897
Total Sales, Exchanges, Calls and Maturities	$3,349,768	3.454%	$23,788.862	3.339%

[fol. 1720]

SECURITIES IN DEFAULT

Issue	Cost	Market Value	Reserve Carried
Firth Sterling Steel & Carbide Corp. 7% Cum. Pfd.	$346,837.00	$150,205.00	$196,632.00
Twin Coach Co. $1.50 Cum. Conv. Pfd.	133,200.00	34,687.50	98,512.50
TOTAL	$480,037.00	$184,892.50	$295,144.50

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EXHIBIT G-1

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

DECEMBER 31, 1949

FULLY FUNDED AND CONSTRUCTION LOANS

	F.H.A.	G.I.	Conventional	Total
Construction Loans				
Amount of Loan	$13,914,767	$ 2,191,711	$56,703,088	$ 74,809,566
Remaining to be Disbursed	5,582,593	129,142	34,791,420	40,503,155
Net Investment	$10,332,174	$ 2,062,569	$21,911,668	$ 34,306,411
Fully Funded Loans	62,467,190	37,172,904	74,865,707	174,505,801
Investment per Balance Sheet	$72,799,364	$39,235,473	$96,777,375	$208,812,212

PAYMENT STATUS

	F.H.A.	G.I.	Conventional	Total
Current	$68,523,959	$37,384,253	$92,795,513	$198,703,725
Delinquent 31 to 180 Days	$ 3,347,820	$ 1,709,999	$ 2,768,524	$ 7,826,343
Delinquent 181 Days or More	625,509	24,058	1,022,284	1,671,851
Foreclosed or Foreclosing	302,076	117,163	191,054	610,293
	$ 4,275,405	$ 1,851,220	$ 3,981,862	$ 10,108,487
Investment per Balance Sheet	$72,799,364	$39,235,473	$96,777,375	$208,812,212

[fol. 1721]

1721

1201

[fol. 1722]

EXHIBIT G-2

INVESTORS DIVERSIFIED SERVICES, INC.
ANALYSIS OF MORTGAGE INVESTMENTS

	F.H.A.		G.I.		Conventional		Total	
	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest	Book Value	Average Interest
Portfolio								
December 1949	$ 5,518,108	4.463%	$ 5,342,097	4.000%	$10,478,248	5.335%	$ 21,338,453	4.777%
Year to Dec. 31, 1949	$61,668,832	4.373%	$30,519,603	4.000%	$89,095,579	5.401%	$181,014,014	4.823%
Sales and Payoffs								
December 1949								
Sales to Subsidiaries	$ 1,875,908	4.405%	$ 661,474	4.000%	$ 1,122,106	4.471%	$ 3,639,488	4.328%
Sales to Non-affiliates	3,542,148	4.126	2,415,599	4.000	730,522	4.000	6,718,269	4.066
Pay-Offs & Refinances	1,446,257	4.479	33,026	4.000	5,590,797	5.488	7,090,080	5.268
Total	$ 6,864,313	4.277%	$ 3,140,099	4.000%	$ 7,443,425	5.184%	$ 17,447,837	4.614%
Year to Dec. 31, 1949								
Sales to Subsidiaries	$21,186,162	4.222%	$ 9,852,351	4.000%	$ 5,209,874	4.428%	$ 37,248,987	4.198%
Sales to Non-affiliates	45,146,463	4.100	8,674,528	4.000	5,679,467	4.031	59,500,560	4.079
Pay-Offs & Refinances	13,697,528	4.332	630,386	4.000	37,565,945	5.544	51,893,859	5.208
Total	$80,030,153	4.174	$19,157,965	4.000%	$49,455,286	5.230%	$148,643,406	4.503%
Commitments								
Outstanding at December 31, 1948	$ 3,195,610	4.323%	$ 479,350	4.000%	$ 9,990,386	5.324%	$ 13,665,346	4.864%
New Commitment made	56,588,972		19,508,555		121,307,352		197,404,879	
Loans Set Up	(39,709,026)		(16,588,733)		(97,964,279)		(154,262,038)	
Commitments cancelled etc.	(13,055,141)		(559,851)		(17,720,479)		(31,405,451)	
Outstanding at December 31, 1949	$ 9,020,415	4.339%	$ 3,079,341	4.000%	$ 15,542,980	5.277%	$ 27,642,736	4.706%
Undisbursed Loans								
Amount remaining to be funded on loans set up but not fully disbursed December 31, 1949	$ 3,582,593	4.233%	$ 129,142	4.000%	$ 34,791,421	5.904%	$ 40,503,156	5.669%

INVESTORS DIVERSIFIED SERVICES, INC., CERTIFICATES IN FORCE
TWELVE MONTHS ENDING DECEMBER 31, 1949
INSTALLMENT CERTIFICATES [fol. 1723]

	50,000		200,000		A		B		C		D		F		G	
	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$469,500		$2,294,500		$8,138,000		$68,374,800		$809,500		$41,272,500		$237,792,250		$116,2[illegible]	
Net Cancellations			1,000								6,250		3,500			
Balance	$469,500	100.00	$2,293,500	100.00	$8,138,000	100.00	$68,374,800	100.00	$809,500	100.00	$41,266,250	100.00	$237,788,750	100.00	$116,2[illegible]	[illegible]
Exits:																
Maturities - To O.S.							$ 31,200	.05								
Maturities	101,500	21.62	$ 516,000	22.50	$1,810,500	22.19	12,765,350	18.67	$194,500	24.02						
Surrenders	10,000	2.13	43,000	1.96	183,000	1.91	1,269,000	1.85	8,500	1.05	$ 1,123,750	2.72	$ 8,[illegible]	3.36	$ 2,[illegible]	[illegible]
Death & Disability	1,000	.21	2,000	.09	11,500	.14	22,100	.03			17,500	.04	268,750	.11	262,750	.23
*Suspended			5,000		28,000		57,200				11,250		370,750		301,250	
Less Reinstatements													(210,250)		(165,[illegible])	
Net			5,000	.22	28,000	.34	57,200	.08			11,250	.03	230,500	.10	([illegible])	([illegible])
Paid Up			3,000	.13	(1,000)	(.01)	22,100	.03			22,500	.05	265,000	.11	160,750	.14
Suspended-Accts. with Res.			3,500	.15	26,000	.32	101,400	.15	1,500	.19	47,500	.12	850,250	.36	630,500	.54
Optional Settlements											12,500	.03	355,000	.15	320,250	.28
Reductions & Divisions																
Total Net Exits	$112,500	23.96	$ 574,500	25.03	$1,998,000	24.48	$14,266,350	20.86	$204,500	25.26	$ 1,239,000	3.29	$ 10,946,500	4.62	$ 7,000,000	6.03
Balance in Force	$357,000	76.04	$1,719,000	74.95	$6,140,000	75.52	$54,[illegible]4,450	79.14	$605,000	74.74	$40,031,250	97.01	$226,753,250	95.72	$109,[illegible]	[illegible]
Number of Accounts	710		983		3,888		20,[illegible]0		402		15,277		73,129		[illegible],003	

	Total This Year		Total Last Year	
	Face Amount	%	Face Amount	%
In Force at Beg. of Year	$476,[illegible],800		$509,753,650	
Net Cancellations	[illegible],250		46,800	
Balance	$476,077,550	100.00	$509,706,850	100.00
Exits:				
Maturities - To O.S.	$ 31,200	.01	$ 6,400	
Maturities	15,387,850	3.23	8,718,800	1.72
Surrenders	16,585,750	3.48	15,778,000	3.12
Death & Disability	585,600	.12	848,050	.17
*Suspended	663,450		705,850	
Less Reinstatements	(1,[illegible],750)		(1,284,250)	
Net	([illegible],300)	(.03)	(578,400)	(.11)
Paid Up	494,350	.10	2,404,350	.48
Suspended-Accts. with Res.	1,835,690	39	534,600	.10
Optional Settlements	695,750	.15	1,881,250	.37
Reductions & Divisions	3,500			
Total Net Exits	$ 35,481,350	7.45	$ 29,593,050	5.85
Balance in Force	$440,596,200	92.55	$476,113,800	94.15
Number of Accounts	158,432		171,977	

MISCELLANEOUS CERTIFICATES

	Coupon	Paid Up	Optional Settlement	Suspended Accounts With Reserves
In Force at Beginning of Year	$448,700	$6,249,373	$[illegible],899,240	$ 60,[illegible]
Transferred to		302,723	380,709	313,[illegible]
Transferred from Suspended		22,329		
Interest Credits			136,247	
Total	$448,700	$6,574,429	$4,416,[illegible]96	$ 375,[illegible]22
Exits				
To Paid Up				
Maturities		232,171	680,629	
Surrenders	24,600	429,057	98,525	[illegible]
O.S. Payments				
Reconverted to Installments				[illegible]
Transferred to Paid Up				[illegible]
Converted to Optional Settlement				
Cancellations		28,295		
Total Exits	$ 24,600	$ 690,223	$ 779,154	$ 89,[illegible]
Balance in Force	$424,100	$5,884,206	$3,637,042	$ 284,[illegible]
Number of Accounts	376	12,211	3,814	728

*Subject to Reinstatement

[fol. 1724]

INVESTORS DIVERSIFIED SERVICES, INC.
GROSS RATE OF EARNINGS ON INVESTED ASSETS AND
RATE OF EXPENSES ON CERTIFICATE LIABILITIES AND RESERVES

EXHIBIT I

	Monthly Average Balances		Gross Rate of Earnings* on Invested Assets				
	Year Ending Dec.31,1949	Year Ending Dec.31,1948	Year Ending December 31, 1949	1948	1947	1946	1945
INVESTED ASSETS							
Bonds	$ 34,923,264	$ 32,166,450	3.396%	3.139%	3.003%	3.082%	3.27%
Stocks	24,074,286	25,895,582	4.080	4.091	3.897	4.056	4.17
Total Marketable Securities	$ 58,997,550	$ 58,062,032	3.677%	3.564%	3.369%	3.439%	3.533%
Mortgages	200,955,325	197,045,680	4.564	4.379	4.444	4.617	4.646
Certificate Loans	10,520,038	8,206,711	5.215	5.643	5.706	5.730	5.819
Real Estate	386,203	114,481	(8.961)	(2.520)	5.156	4.481	4.729
Notes Receivable	1,183,645	1,451,108	4.559	4.620	4.512	3.383	1.126
Total Invested Assets	$272,043,761	$264,880,012	4.377%	4.238%	4.088%	4.024%	4.150%
Other Assets	16,723,459	12,756,067					
Total Assets	$288,766,220	$277,636,079	4.124%	4.043%	3.869%	3.782%	3.927%

*Includes gross interest and dividends, and net income from real estate. Does not include premiums or fees on mortgages or profits on sales of investments.

	Monthly Average Balances		Rate of Expense on Cert. Liab. and Reserves				
	Year Ending Dec.31,1949	Year Ending Dec.31,1948	Year Ending December 31, 1949	1948	1947	1946	1945
CERTIFICATE LIABILITIES AND RESERVES							
Installment Certificates	$257,126,128	$245,024,670					
Gross Rate			4.748%	4.755%	4.768%	4.826%	4.924%
Reduction due to reserve recoveries on Surr. and 53% of service fees on other than annual payments			.141	.144	.160	.197	.262
Net Rate			4.607%	4.611%	4.608%	4.629%	4.662%
Additional Voluntary Reserves	2,421,257	2,015,598	.043	.038	.041	.039	.026
Total Including Voluntary Reserves	$259,547,385	$247,040,268	4.564%	4.573%	4.567%	4.590%	4.636%
Advance Payments	14,120,756	15,504,458	2.632	2.783	2.883	2.939	3.087
Additional Credits	278,301	287,019	2.748	2.682	2.681	2.681	2.651
Paid Up Certificates	4,797,688	4,786,386	4.289	4.367	4.455	4.435	4.729
Optional Settlement Certificates	3,829,311	3,852,850	3.862	4.070	4.193	4.319	4.431
Coupon Certificates	436,725	472,000	2.950	2.917	2.937	2.958	2.979
Single Payment Certificates	-0-	5,365	-0-	2.380	2.886	2.937	3.018
Total Certificate Liabilities & Reserves	$283,010,166	$271,948,346	4.450%	4.456%	4.446%	4.461%	4.508%
Rate of Earnings on Invested Assets to Total Certificate Liabilities & Res.			4.207%	4.127%	3.972%	3.863%	3.984%
Rate of Expense to Total Certificate Liabilities and Reserves			4.450	4.456	4.446	4.461	4.508
Difference			(.243%)	(.329%)	(.492%)	(.598%)	(.524%)

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